



0000039335

Transcript Exhibit(s)

Docket #(s): SW-04002A-01-0228

WS-02987A-01-0295

Exhibit #: J-1, J-2, J-3, J-4, J-5, J-6, J-7,

J-8, J-9, J-10, J-11, J-12 & S-1

AUG-14-2001 15:58
07/20/2001 08:35

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07/20/2001 10:43 FAX

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Sunbelt Sanitation Group, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 FAX (602) 923-9142

July 19, 2001

Arizona Dept. of Real Estate
2910 N. 44th Street
Phoenix, AZ 85018

RE: Cambria Homes Subdivision
Section 38, T 2 N, R 8 E, Pinal County, AZ

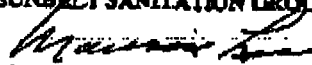
To whom it concerns:

Please be advised that the Links at Ocotillo Wastewater Treatment Plant has an available capacity of 70,400 gallons per day of treatment of domestic sewage. Based on the calculation of 350 gallons per day per home, the treatment plant could treat the sewage from 201 homes.

This available capacity has been designated for Parcels 4 and 6 of Cambria Homes.

Please call should you have any questions.

Very truly yours,
SUNBELT SANITATION GROUP, LLC


Maurice Lee
Member/Manager

cc: Woodside Homes

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR SUBDIVISION
INCORPORATING SEWAGE COLLECTION SYSTEM**

Page 1 of 2

SUBDIVISION: Cambria Parcel 4, Lots 1 through 7, 29 through 48, 55 through 61, 76 through 100, 106 through 134. Total 88 lots		ADEQ SITE CODE: 503607-00 ENGINEERING REVIEW FILE NO.: 20000416
LOCATION: Near the intersection of Cassara Drive and Monteleone Street		
TOWN: Queen Creek	COUNTY: Pinal	
SECTION 20	TOWNSHIP 2S	RANGE 8E
SUBDIVIDER: Woodside Homes		
Water Supply By: H2O Water Company (PWS No. P1060)		
Sewage Disposal By: Links at Ocotillo WWTP (P102976)		
Garbage Disposal By: AJ Waste (Queen Creek landfill-operated by Allied Waste)		

The sanitary facilities of water supply, sewage disposal and garbage disposal as represented by the approved plan documents on file with the Arizona Department of Environmental Quality are hereby approved subject to the following Provisions:

Provisions 1. through 5 appear on Page 2

This Certificate of Approval does NOT constitute an individual or General Aquifer Protection Permit for the sewage collection system incorporated in this subdivision (see separate Provisional Verification of General Permit Conformance).

GHB:AEF:acp

[UNOFFICIAL SIGNATURE]

Jacqueline E. Schafer, Director
Arizona Department of Environmental Quality

By: Gregory H. Brown Date Approved 7/16/2001
Gregory H. Brown, P.E. Water Permits Section, Water Quality Division

CERTIFICATE DISTRIBUTION

Original Certificate and Plans

Engineering Review File No: 20000416

Certificate Copy and Plat:

Subdivider: Woodside Homes, 1204 E. Baseline #104, Tempe, AZ 85283

Certificate copy only:

Engineer: Paul Siders, P.E. Coe & Van Loos Consultants, 4530 N. 12th Street, Phoenix, AZ 85014

SUBDIVISION APPROVAL, Carabria Parcel, lots 1-7, 29-48, 55-61, 76-100, 106-134 Subdivision
ENGINEERING REVIEW File No: 20000416
PAGE 2 OF 2 Provisions, Continued

This Certificate will be VOID:

IF THE CONSTRUCTION OF PUBLIC WATER FACILITIES AND SUBMITTAL OF "AS-BUILT" PLANS AND CONSTRUCTION DOCUMENTATION TO ADEQ BY THE SUBDIVIDER IS NOT COMPLETED BY 7/31/2004, PURSUANT TO ARIZONA ADMINISTRATIVE CODE R18-4-505.E.

Two sets of final recorded plans bearing Surveyor's Seal must be submitted to the ADEQ Engineering Review Desk (marked ATTENTION: ADEQ File No. 20000416) after the plat is recorded in Pinal County.

No "discharge" to the "waters of the United States" pursuant to Sections 301, 309, 402, 404, and 502 of the federal Clean Water Act (CWA) are authorized by this approval. If this project results in discharge in these waters, CWA permits are necessary before commencing the discharge, pursuant to the Code of Federal Regulations Titles 33 and/or 40. Any construction in a watercourse shall comply with all terms and conditions of the Section 404 Permit program which is administered by the U.S. Army Corps of Engineers.

The Public Report must include, but shall not be limited to, item 4.a:

a. If the construction of potable water system facilities and submittal of "as-built" plans and construction documentation to ADEQ by the subdivider is not completed by 7/31/2004, this Certificate of Approval of Sanitary Facilities for Subdivision is void pursuant to Arizona Administrative code R18-4-505.E.

DUE TO PERMIT CAPACITY LIMITATIONS AT THE LINKS AT OCOTILLO WASTEWATER TREATMENT FACILITY, THIS CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR SUBDIVISION INCORPORATING SEWAGE COLLECTION SYSTEM SPECIFICALLY EXCLUDES LOTS 8-28, 49-54, 62-75, 101-105. APPLICANT WILL NEED TO SUBMIT A SEPARATE APPLICATION SEEKING A CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR SUBDIVISION INCORPORATING SEWAGE COLLECTION SYSTEM LOTS 8-28, 49-54, 62-75, 101-105 ONCE ADDITIONAL SEWAGE TREATMENT FACILITIES BECOME AVAILABLE.

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL OF SANITARY FACILITIES FOR SUBDIVISION
INCORPORATING SEWAGE COLLECTION SYSTEM**

Page 1 of 2

SUBDIVISION: Cambria Parcel 6 Lots 1 - 107 Total 107 lots		ADEQ SITE CODE: 503606-00 ENGINEERING REVIEW FILE NO.: 20000417	
LOCATION: Near the intersection of Perrone Street and Cambria Drive			
TOWN: Queen Creek		COUNTY: Pinal	
SECTION 20		TOWNSHIP 2S	
		RANGE 8E	
SUBDIVIDER: Woodside Homes			
Water Supply By: H2O Water Company (PWS No. 11060)			
Sewage Disposal By: Links at Ocotillo WWTP (F102976)			
Garbage Disposal By: AJ Waste (Queen Creek landfill-operated by Allied Waste)			

The sanitary facilities of water supply, sewage disposal and garbage disposal as represented by the approved plan documents on file with the Arizona Department of Environmental Quality are hereby approved subject to the following Provisions:

Provisions 1. thru 4.a appear on Page 2

This Certificate of Approval does NOT constitute an Individual or General Aquifer Protection Permit for the sewage collection system incorporated in this subdivision (see separate Provisional Verification of General Permit Conformance).

GHB:AEP:aep

RECEIVED BY: [Signature] 7/18/2001

Jacqueline E. Schafer, Director
Arizona Department of Environmental Quality

By: [Signature] Date Approved
Gregory R. Brown, P.E.
Water Permits Section, Water Quality Division

CERTIFICATE DISTRIBUTION

Original Certificate and Plat:
Engineering Review File No: 20000417

Certificate Copy and Plat:

Subdivider: Woodside Homes, 1206 E. Baseline #104, Tempe, AZ 85282

Certificate copy only:

Engineer: Paul Siders, P.E. Coe & Van Loo Consultants, 4550 N. 12th Street, Phoenix, AZ 85014

SUBDIVISION APPROVAL: Cambria Parcel 6 Subdivision
ENGINEERING REVIEW File No: 20000417
PAGE 2 OF 2 Provisions, Continued

This Certificate will be VOID:

IF THE CONSTRUCTION OF PUBLIC WATER FACILITIES AND SUBMITTAL OF "AS-BUILT" PLANS AND CONSTRUCTION DOCUMENTATION TO ADEQ BY THE SUBDIVIDER IS NOT COMPLETED BY 7/31/2004, PURSUANT TO ARIZONA ADMINISTRATIVE CODE R18-4-505.E.

Two sets of final recorded plats bearing Surveyor's Seal must be submitted to the ADEQ Engineering Review Desk (marked ATTENTION: ADEQ File No. 20000417) after the plat is recorded in Pinal County.

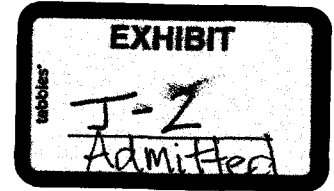
No "discharge" to the "waters of the United States" pursuant to Sections 301, 309, 402, 404, and 502 of the Federal Clean Water Act (CWA) are authorized by this approval. If this project results in discharge to these waters, CWA permits are necessary before commencing the discharge, pursuant to the Code of Federal Regulations Titles 33 and/or 40. Any construction in a watercourse shall comply with all terms and conditions of the Section 404 Permit program which is administered by the U.S. Army Corps of Engineers.

The Public Report must include, but shall not be limited to, item 4.a:

- a. If the construction of potable water system facilities and submittal of "as-built" plans and construction documentation to ADEQ by the subdivider is not completed by 7/31/2004, this Certificate of Approval of Sanitary Facilities for Subdivision is void pursuant to Arizona Administrative code R18-4-505.E.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
CHAIRMAN
3 JIM IRVIN
4 COMMISSIONER
5 MARC SPITZER
COMMISSIONER



6
7 IN THE MATTER OF ARIZONA UTILITY)
SUPPLY AND SERVICES, LLC FOR A) DOCKET NO. SW-04002A-01-0228
8 CERTIFICATE OF CONVENIENCE AND)
9 NECESSITY TO PROVIDE SEWER SERVICE)
TO PORTIONS OF PINAL COUNTY, ARIZONA.)

10
11 IN THE MATTER OF THE APPLICATION OF)
JOHNSON UTILITIES, L.L.C., DBA JOHNSON) DOCKET NO. WS-02987A-01-0295
12 UTILITIES COMPANY FOR AN EXTENSION)
13 FOR ITS CERTIFICATE OF CONVENIENCE)
AND NECESSITY TO PROVIDE WATER AND)
14 WASTEWATER SERVICE TO THE PUBLIC IN)
THE DESCRIBED AREA IN PINAL COUNTY,)
ARIZONA.)

15
16 **ARIZONA UTILITY SUPPLY SERVICES, LLC's**
17 **RESPONSE TO FIRST SET OF DATA REQUESTS FROM**
18 **JOHNSON UTILITIES COMPANY**

19 All responses are to the knowledge and belief of Maurice L. Lee.

- 20
21 1. Please state the basis for your conclusion that the operation of the Links at
22 Ocotillo Wastewater Treatment Plant (and any other wastewater treatment
23 plant at the Links Estates) by AUSS without a Certificate of Convenience and
24 Necessity from the Arizona Corporation Commission does not violate A.R.S.
25 § 40-281.C.
26
27
28

1 Response: **The plant is owned by nonprofit homeowners associations.**

2 **AUSS operates it under contract to the associations.**

- 3 2. Please identify the owner of the Links at Ocotillo Wastewater Treatment
4 Plant.

5 Response: **The Links at Ocotillo Homeowners' Association, an Arizona**
6 **non-profit corporation, and Woodside Homes, whose interest has been**
7 **or will be assigned to a homeowners association established by Woodside**
8 **Homes.**

- 9
10 3. Please identify and provide any and all documents relating to the ownership
11 of the Links at Ocotillo Wastewater Treatment Plant.

12 Response: **The documents are attached behind Tab A.**

- 13
14 4. Please state the basis for your conclusion that the construction of the Cambria
15 Wastewater Treatment Plant and the Castlegate Wastewater Treatment Plant
16 (and any other wastewater treatment plant in areas covered by AUSS's
17 application in Docket No. SW-04002A-01-0228) by AUSS without a
18 Certificate of Convenience and Necessity from the Arizona Corporation
19 Commission does not violate A.R.S. § 40-281.A.

20 Response: **With respect to the Links at Ocotillo Wastewater Treatment**
21 **Plant, see response to number 1 above. There are no other wastewater**
22 **treatment plants under construction in areas covered by AUSS's**
23 **referenced application. Any plants that are constructed in the future**
24
25
26
27
28

1 will be owned by nonprofit homeowners associations unless AUSS is
2 granted the CC&N for the appropriate areas.

- 3
4
5 5. Please identify the owner of the Cambria Wastewater Treatment Plant and
6 the Castlegate Wastewater Treatment Plant.

7 Response: **Neither of these plants exist.**

- 8 6. Please identify and provide any and all documents relating to the ownership
9 of the Cambria Wastewater Treatment Plant, the Castlegate Wastewater
10 Treatment Plant, and any other wastewater treatment plant constructed and/or
11 operated by AUSS in the area covered by AUSS's application in Docket No.
12 SW-04002A-01-0228.

13
14 Response: **See Response to number 3 above for documents related to the**
15 **Links at Ocotillo Wastewater Treatment Plant. There are no other**
16 **plants constructed and/or operated by AUSS in the referenced area.**

- 17
18 7. Please identify and provide any and all documents relating to the right of
19 AUSS to construct and/or operate any wastewater treatment plant in the area
20 covered by AUSS application in Docket No. SW04002A-01-0228.

21 Response: **See Response to number 3 above for documents related to the**
22 **Links at Ocotillo Wastewater Treatment Plant. Documents relating to**
23 **the future construction of a wastewater treatment plant for the**
24 **Cambria development are attached at Tab B. Documents relating to the**
25

1 development are attached at Tab C. Documents relating to the future
2 construction and shared use of the Cambria plant for the Redmond
3 Development are attached at Tab D.

- 4
5 8. Please identify and provide any and all contracts between AUSS and
6 homeowners' associations in developments in areas covered by AUSS's
7 application in Docket NO. SW-04002A-01-0228, including the Links Estates
8 and the Cambria Homes developments.

9 Response: **See the responses to items 3 and 7 above.**

- 10 9. Please identify and provide any and all permits, approvals, and submissions
11 to ADEQ relating to the construction and/or operation by AUSS of
12 wastewater treatment plants in the area covered by AUSS's application in
13 Docket No. SW-04002A-01-0028.

14
15 Response: **AUSS objects to this Data Request as being overbroad and**
16 **unduly burdensome. In addition, all requested documents are public**
17 **records available to Johnson Utilities Company for inspection and**
18 **copying at the offices of the Arizona Department of Environmental**
19 **Quality. AUSS believes that such records have already been inspected**
20 **for Johnson Utilities Company.**

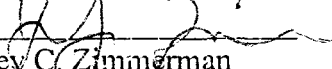
21
22 ///

23 ///

24 ///

1 RESPECTFULLY SUBMITTED this 20 day of July, 2001.

2 MOYES STOREY LTD.

3
4 By 
5 Jeffrey C. Zimmerman
6 Brad K. Keogh
7 3003 N. Central Ave., Suite 1250
8 Phoenix, Arizona 85012
602-604-2141
Attorneys for Applicant

9 ORIGINAL and one copy
10 of the foregoing hand-delivered this 20th day
of July, 2001, to:

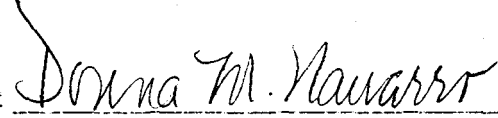
11 Thomas H. Campbell
12 Gregory Y. Harris
13 Lewis & Roca
40 N. Central Ave.
14 Phoenix, AZ 85004
Attorneys for Johnson Utilities Company

15 COPIES of the foregoing
16 mailed this 20th day of July, 2001, to:

17 *Marc E. Stern
18 Administrative Law Judge
Arizona Corporation Commission
1200 W. Washington
19 Phoenix, AZ 85007

20 *Teena Wolfe
21 Legal Division
Arizona Corporation Commission
22 1200 W. Washington
23 Phoenix, AZ 85007

24 *Mark Di Nunzio
25 Utilities Division
Arizona Corporation Commission
26 1200 W. Washington
Phoenix, AZ 85007

27
28 By: 

A

Amendment to Sewer Service Contracts

This Amendment to Sewer Service Contracts (this "Agreement") is entered into among DJSP, L.L.C., an Arizona limited liability company ("DJSP"), The Links at Ocotillo Homeowners' Association, an Arizona nonprofit corporation ("Association"), Arizona Utility Supply & Services, LLC, an Arizona limited liability company ("AUSS") and Woodside Homes, and/or its assignee ("Woodside") as of the 1st day of February, 2001.

1. This Agreement amends that certain Management Agreement for Operation & Maintenance of Wastewater Treatment Plant and Option to Purchase Equipment dated February 1, 2001 (the "Management Agreement"), among DJSP, the Association and AUSS, and each Sewer Service Agreement (the "Service Agreements") between AUSS and Woodside dated June 22, 2000, July 24, 2000 or August 7, 2000.

2. As of the date first written above, Association and Woodside shall each own an undivided interest in the equipment comprising The Links at Queen Creek Sewage Treatment Plant (the "Plant"). The amounts of their respective interests shall be sufficient for the Association to be able to have the domestic sewage from its 72 members (approximately 4,500 gallons per day) treated and Woodside to be able to have the balance of the capacity of the Plant (approximately 70,500 gallons per day) to treat the domestic sewage from homes of Cambria Homes subdivision.

3. The interest of each party in the Plant is subject to the option in favor of AUSS set forth in the Management Agreement, which option AUSS shall exercise upon receiving its certificate of convenience and necessity ("CC&N") from the Arizona Corporation Commission. AUSS shall operate the Plant as set forth in the Management Agreement.

4. AUSS agrees to hold harmless each of Association, Woodside and DJSP from any claims for personal injury, property damage or environmental cleanup related to the operation and maintenance of the Plant.

5. When Woodside establishes its nonprofit property owners association for the Cambria subdivision, Woodside shall assign its interest in this Agreement to such association.

6. Should AUSS not be able to obtain the CC&N for sewer service to Association or Woodside, the parties shall promptly and in good faith negotiate further amendments to the Management Agreement, Service Agreements, and this Agreement to provide for ownership of the Plant and other wastewater treatment facilities by the Association and the Cambria property owners association, and operation of the Plant and other facilities by AUSS.

7. Except as specifically amended herein, the Management Agreement and Service Agreements remain in full force and effect and unmodified.

EXECUTED AS OF THE DATE FIRST WRITTEN ABOVE:

DJSP, L.L.C.,

an Arizona limited liability company

Stephen A. Kohner
By: Stephen A. Kohner, Its Manager

The Links at Ocotillo Homeowners' Association,
An Arizona non-profit corporation

Stephen A. Kohner
By: Stephen A. Kohner, Its Director and President

Arizona Utility Supply & Services, LLC,
an Arizona limited liability company

Maurice Lee
By: Maurice Lee, Its Authorized Member

Woodside Homes

An Arizona Corporation

Chip D. Gilletland
By: Chip D. Gilletland
Its: Authorized Signer/ Development Director

**MANAGEMENT AGREEMENT FOR
OPERATION & MAINTENANCE OF WASTEWATER TREATMENT PLANT
AND OPTION TO PURCHASE EQUIPMENT**

This Agreement is entered into this 15th day of February, 2001 ("Effective Date"), by and among DJSP, L.L.C., an Arizona limited liability company ("DJSP"), The Links at Ocotillo Homeowners' Association, an Arizona non-profit corporation ("Association"), and Arizona Utility Supply & Services, LLC, an Arizona limited liability company ("AUS&S").

RECITALS

A. DJSP is the current owner of the equipment used and located at and is the operator of The Links at Queen Creek Sewage Treatment Plant ("Plant") that treats the domestic sewage for the subdivision known as The Links at Ocotillo Estates in Queen Creek, Arizona ("Subdivision").

B. Association is the owner of the real property where the Plant is located, which is known as Tract P of The Links Estates and is legally described on Exhibit A hereto ("Land").

C. AUS&S desires to enter into an agreement to operate the Plant and to acquire an option to purchase the Plant.

D. The Association is prepared to enter into a management, maintenance, and operating agreement; DJSP is prepared to grant an option to sell the Plant on the terms and conditions herein stated.

Now, therefore, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

AGREEMENTS

1. Beginning on the Effective Date of this Agreement, AUS&S shall maintain, operate, and be responsible for all aspects of the Plant. AUS&S shall, at its own cost and expense, maintain and operate the Plant in accordance with the rules and regulations of the Arizona Department of Environmental Quality ("ADEQ") and in accordance with the Aquifer Protection Permit ("APP") as issued by ADEQ for the operation of the Plant. Such obligation shall include making all adjustments in accordance with the APP guidelines, including repairs necessary for the continued operation of the Plant.

2. AUS&S shall be responsible for the day-to-day operations of the Plant. Such operations shall include:

a. Maintaining the effluent holding pond so that it is free of mosquitoes,

algae, and other unsightly condition or odors.

b. Making all reports required by the ADEQ, including monthly monitoring reports.

c. Maintaining the Plant in such a way as to prevent any offensive odors from the Plant.

d. Maintaining the Land so that it is free from weeds or any other conditions that would be offensive to the residents of the Subdivision.

e. Handling all consumer or customer questions, concerns, inquires, or complaints.

f. Handling all billings to customers using the Plant after the Effective Date of this Agreement.

g. Being responsible for all costs of repair, operation, and statutory or other regulation, including the electric service, chemical cost, sludge pumping cost, and repairs necessary for the proper operation of the Plant.

h. Maintaining the sewer collection lines within the Subdivision; provided, however, if it is determined that the Association or its members are responsible for clogged sewer lines, the Association shall reimburse AUS&S for any and all costs to unplug and clear said sewer lines.

3. AUS&S shall indemnify and hold harmless the Association, DJSP, and their officers, members, agents, successors, and assigns from and with respect to all operations involving the Plant.

4. In consideration for the various benefits provided to AUS&S by this Agreement, AUS&S shall not charge any fees to the Association for the maintenance and operation services provided pursuant to this Agreement.

5. AUS&S will carry property, casualty, and liability insurance policies naming the Association and DJSP as additional insureds, along with any required workers' compensation insurance, using such insurers as are reasonably acceptable to the Association and DJSP. Property and casualty insurance shall be at all times equal to ninety percent (90%) of the replacement cost for the Plant. AUS&S shall furnish certificates of insurance to the Association and DJSP indicating that the Association and DJSP are named as additional insureds.

6. During the term of this Agreement, the Association hereby assigns to AUS&S all rights of collection against any lot owner within the Subdivision for any sums assessed against such lot owner for sewer service to such lot, whether such fee in pursuant to this Agreement or otherwise, including the right, as agent of the Association, to impose and foreclose upon liens on such lots.

7. Nothing herein shall preclude AUS&S from seeking reimbursement from any lot owner whose activities has caused clogs in the sewer lines requiring repairs to be undertaken to such lines by AUS&S.

8. AUS&S may treat sewage from other home sites outside of the Subdivision so long as the Plant does not become overloaded or in violation of any rules or regulations of the ADEQ. AUS&S may increase the capacity of the Plant to 75,000 gallons per day (GPD) at no cost to the Association in order to accommodate the increased sewage from the other home sites.

9. Not later than two (2) years from the Effective Date of this Agreement, and provided that AUS&S is not then in default under this Agreement, AUS&S may acquire, by the payment of \$10 and upon 10 days' written notice to the Association and DJSP, all right, title, claim, and interests of the Association in the Plant (along with all sewage collection lines, permits and agreements). The acquisition of the Plant by AUS&S shall include such easements throughout the Subdivision as may reasonably be necessary to effect and carry out the acquisition of the Plant. Not later than two (2) years following the exercise of the purchase option provided in this Paragraph, AUS&S shall relocate the Plant to another location ("New Plant Location") and then grade the Land to a smooth ground that can be used for storage purposes. The sewage from the Subdivision will be treated by AUS&S at the New Plant Location at rates charged to others from that New Plant Location; provided, however, AUS&S shall charge no fees for the treatment of sewage from the 72 lots in the Subdivision described on Exhibit B hereto. The cost of connecting the sewer lines in order to transfer the sewage to the New Plant Location will be made at no cost to the Association. The exercise of the option to purchase as set forth in this Paragraph shall be further conditioned upon an agreement by AUS&S to provide sewer treatment to the Subdivision for a period of not less than twenty (20) years from the move to the New Plant Location. AUS&S shall be responsible for all costs and expenses related to the transfer to the New Plant Location and shall hold harmless the Association and DJSP from and with respect to any such costs or expenses. AUS&S shall include the provisions of this Paragraph in the filings with the Arizona Corporation Commission regarding the Certificate of Convenience issued or to be issued to AUS&S.

10. The Association hereby grants a utility easement to AUS&S across the Land for the maintenance and upkeep of the sewer lines located on or about the Land for an indefinite period of time and shall permit the construction of a lift station at the south boundary of the Land. DJSP and the Association shall also permit the electric service at that site to be relocated within the site in order to service the lift station. The Association hereby grants an easement to AUS&S over all of the sewer collection lines within the Subdivision for maintenance and upkeep of those sewer lines within the Subdivision.

11. This Agreement shall terminate ten (10) years from the date of this Agreement unless sooner terminated by mutual agreement of the Association and AUS&S. Notwithstanding the foregoing, this Agreement may be canceled by either of

those parties because of the negligence or nonperformance of the obligations assumed hereunder if such default or nonperformance is not cured following thirty (30) days' written notice to the defaulting or nonperforming party. Any such notice shall be in writing and shall set forth the nature of the default.

12. Any notices required to be given under this Agreement shall be sent first-class mail, postage pre-paid, or hand delivered to the following addresses, unless notice of change of address is otherwise provided:

If to the Association: 7902 North Black Canyon Highway
No. 100
Phoenix AZ 85051

If to AUS&S: 4002 East Taro Lane
Phoenix AZ 85050

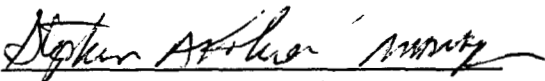
If to DJSP: 7902 North Black Canyon Highway
No. 100
Phoenix AZ 85051

13. In the event of legal action to enforce or interpret any of the terms and provisions of this Agreement, the prevailing party shall be entitled to all legal fees and costs incurred in such action and the amount thereof shall be incorporated into any judgment rendered

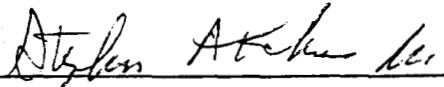
14. This Agreement is for the benefit of the parties, their successors, and assigns.

15. The last party to execute this Agreement shall insert the date of its execution of this Agreement in the introductory paragraph of this Agreement, which shall constitute the Effective Date of this Agreement.

DJSP, L.L.C.,
an Arizona limited liability company


Stephen A. Kohner, Its Manager

The Links at Ocotillo Homeowners' Association,
an Arizona non-profit corporation

By: 
Stephen A. Kohner
Its: Director and President

Arizona Utility Supply & Services, LLC

By: *Maurice Lee*
Its: Authorized Member

STATE OF ARIZONA)
)
County of Maricopa)

This instrument was acknowledged before me this 19th day of March, 2001,
by Stephen A. Kohner as the Manager of DJSP, L.L.C., an Arizona limited liability
company.



Susan C. Baker
Notary Public

STATE OF ARIZONA)
)
County of Maricopa)

This instrument was acknowledged before me this 19th day of March, 2001,
by Stephen A. Kohner as the Director and Manager of the The Links at Ocotillo
Homeowners' Association, an Arizona non-profit corporation.



Susan C. Baker
Notary Public

STATE OF ARIZONA)
)
County of Maricopa)

This instrument was acknowledged before me this 19th day of March, 2001,
by Maurice Lee as the authorized Member of Arizona Utility supply & Services, LLC, an
Arizona limited liability company.



Susan C. Baker
Notary Public

Addendum to Amendment to Sewer Service Contracts

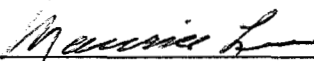
This Addendum to Amendment to Sewer Service Contracts (this "Addendum") is entered into by and between Arizona Utility Supply & Services, LLC, an Arizona limited liability company ("AUSS") and Woodside Homes, and/or its assignee ("Woodside") as of the 1st day of February, 2001.

1. This Addendum supplements that certain Amendment to Sewer Service Contracts dated as of February 1, 2001 (the "Amendment"), among AUSS, Woodside, and other parties.


2. AUSS agrees, for the benefit of Woodside, that should AUSS not be granted the CC&N for sewer service to the Woodside development in the pending Arizona Corporation Commission proceeding and the homeowners association for the Woodside development continues to own an interest in the Plant (as defined in the Amendment) and/or other wastewater treatment facilities, then AUSS shall nevertheless diligently pursue alternative arrangements that would allow for future ownership and operation of the Plant or other facilities and the provision of sewer service to the Woodside development by AUSS.

EXECUTED AS OF THE DATE FIRST WRITTEN ABOVE:

Arizona Utility Supply & Services, LLC,
an Arizona limited liability company


By: Maurice Lee, Its Authorized Member

Woodside Homes,
An ~~Arizona~~ Corporation


By: Trip W. Gilletand
Its: Authorized Signature / Development Director

Azuss
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 1 (800) 859-1680 FAX (602) 923-9142

Fax Transmittal

To:

Kip Gilleland

Woodside Homes

From:

Maurice Lee

Fax No. (480) 755-0802

Date: June 25, 2001

Ref: Cambria WWTP

Urgent Reply X For Your Information Number of Pages 5

Message:

Kip,

Per the enclosed for your future reference.

Maurice Lee

ASSIGNMENT

Sunbelt Sanitation Group, L.L.C., an Arizona limited liability company ("Assignor"), hereby assigns and transfers to Arizona Utility Supply & Services, LLC, an Arizona limited liability company ("Assignee"), all of Assignor's rights, title, claims, and interests in, to, and under that Letter Agreement dated February 25, 2000 between and among The Links at Ocotillo, L.L.C., Pleasant Valley Investments, L.C., and Assignor, a true and correct copy of which is attached hereto as Exhibit A and incorporated herein. The parties acknowledge and agree that the correct legal description of the 50,000 square feet parcel described in the Letter Agreement is attached hereto as Exhibit B.

Arizona Utility Supply & Services, LLC agrees to hold Sunbelt Sanitation, LLC and Pleasant Valley Investments, LLC harmless as a result of this transaction.

By: Stephen Kohner Date: 2-01-01
Stephen Kohner, Co-Manager of Sunbelt Sanitation, LLC (Assignor)

By: Maurice Lee Date: 2/1/01
Maurice Lee, Co-Manager of Sunbelt Sanitation, LLC (Assignor)

Accepted: Maurice Lee Date: 2/1/01
Maurice Lee, Member/Manager of Arizona Utility Supply & Services, LLC (Assignee)

The Links at Ocotillo, L.L.C.

February 25, 2000

Mr. Gene C. Morrison, President
 Woodside Homes
 Nevada/Arizona Divisions &
 Pleasant Valley Investments, L.C.
 1204 E. Baseline Road, Suite 104
 Tempe, Arizona 85283

RE: Sewer Exception Parcel, Cambria Subdivision

Dear Gene:

Per the June 30, 1999 Purchase and Sale Agreement between The Links at Ocotillo, L.L.C. ("Seller") and Great Western Communities, Inc., d/b/a/ Great Western Homes that was subsequently assigned to Pleasant Valley Investments, L.C. on January 28, 2000 ("Buyer"), Buyer and Seller hereby agree that Section 6.6 of the Purchase and Sale Agreement is hereby deleted in its entirety. As a result of this deletion and for good and valuable consideration, the receipt of which is hereby acknowledged, Buyer agrees to deed 50,000 square feet of land, at no cost or expense to Sunbelt Sanitation Group, L.L.C. ("Sunbelt"), which shall have the right to assign this agreement to any other entity formed to provide the sewer facilities for the Cambria Subdivision. This 50,000 square foot parcel shall be located within the Waste Water Treatment Plant area as cross-hatched on the Cambria Site Plan attached hereto as Exhibit A. The exact location of this approximately 250-foot by 200-foot, 50,000 square foot parcel shall be determined after the Close of Escrow, and it shall not be within the existing Tract D easement as shown on the Tentative Plat for the Links Estates dated March 16, 1995, completed by American Engineering Co (Exhibit B attached).

Agreed to and Accepted By:
 THE LINKS AT OCOTILLO, L.L.C.

[Signature] *Richard B. West* *Gene C. Morrison* 2-25-2000
 Managing Member Managing Member Managing Member Date

PLEASANT VALLEY INVESTMENTS, L.C.

President_____
Date

SUNBELT SANITATION GROUP, L.L.C.

[Signature]
 Managing Member

2-25-00
 Date

EXHIBIT B
1 of 2

May 10, 2000

LEGAL DESCRIPTION FOR
CAMBRIA
WASTEWATER TREATMENT SITE
CI-2 INDUSTRIAL ZONING PARCEL

That part of the Southwest Quarter of Section 20, Township 2 South, Range 8 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the West Quarter-Corner of said Section 20;

Thence North $89^{\circ}46'27''$ East, along the East-West mid-section line of said Section 20, a distance of 1,733.19 feet to the East line of Golf Course Tract Q, "The Links Estates Unit 1", recorded in Cabinet B, Slide 101, Pinal County Records;

Thence South $00^{\circ}00'29''$ West, along said East line of Golf Course Tract Q, being parallel with the West line of the Southwest Quarter of said Section 20, a distance of 412.28 feet to the True Point of Beginning;

Thence North $89^{\circ}59'54''$ East, a distance of 343.90 feet;
Thence South $45^{\circ}06'50''$ East, a distance of 35.42 feet;

Thence South $00^{\circ}13'33''$ East, a distance of 128.56 feet to a point on a line which is parallel with the North line of the Northwest Quarter of said Section 20;

Thence South $89^{\circ}46'27''$ West, along said parallel line, a distance of 369.53 feet to the East line of said Golf Course Tract Q;

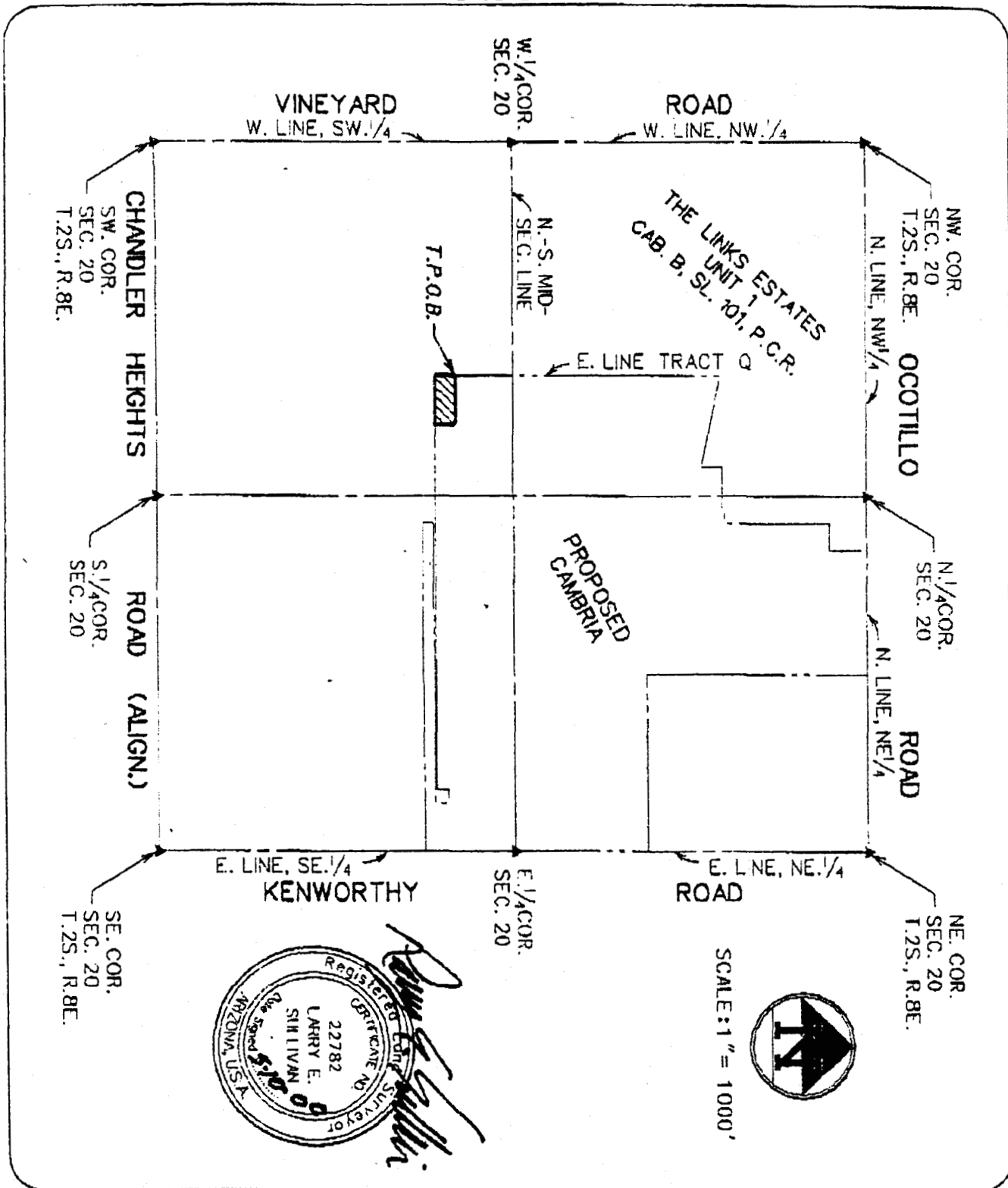
Thence North $00^{\circ}00'29''$ East, along said East line of Golf Course Tract Q, being parallel with the West line of the Southwest Quarter of said Section 20, a distance of 155.00 feet to the True Point of Beginning.

Containing 1.300 Acres, more or less.



EXHIBIT B

2 of 2



EXHIBIT

CAMBRIA - WASTEWATER TREATMENT SITE
CI-2 INDUSTRIAL ZONING PARCEL

JOB NO

000014

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
TELEPHONE (602) 264-6831**COE & VAN LOO**
PLANNING • ENGINEERING • LANDSCAPE ARCHITECTURE

SHEET

1 OF 1

Sunbelt Utility Services

P.O. Box 30543 Phoenix, AZ 85046
(602) 569-3190 FAX (602) 569-3536

June 22, 2001

Mr. Nabil Anuti
Water Quality Enforcement
Arizona Dept. of Environmental Quality
3033 N. Central Ave.
Phoenix, AZ 85050

**RE: Links Estates WWTP
 ADEQ Inventory No. 102976**

Dear Mr. Anuti:

I would like to thank you for recent visit and inspection to our treatment system on June 14, 2001. Your inspection was very informative and helpful for the future operation of that treatment plant. You are the first person from ADEQ that has taken the time and interest to completely go through the permit with me so we could better understand the contents of the permit and thus would be better informed as to how to keep the above captioned treatment plant in compliance.

In reference to my letter to Mr. Azizi on June 12, 2001, we have obtained all of the necessary parts to repair the ultra violet disinfection system but discovered last week that the original O & M manual for the system was not the exact one for that UV system and now have the correct manual in place. We also learned that the UV system was only to be operated when the effluent was going through the unit. We were instructed by Santec, the original supplier of the treatment system, that we were to leave the unit running 24 hours per day. That is the reason we have had so much trouble keeping the UV tubes in services. We also learned that we are not to have the unit running off and on more than 6 times in any 24 hour period. We have had our electrician wire the unit so it now operates when the effluent pumps go on. We will have the UV system back in place in full operation no later than the 29th of this month.

We are still repairing the sand filter and have replaced the compressor but also have found that the air lines running underground have deteriorated of which we will be replacing this week and will have the filtration system back in operation no later than the 29th of this month as well.

During the first quarter of this year we had a violation of our total nitrogen and also have trouble with the total nitrogen this last month as well. We have dug up the

June 22, 2001

Page 2

methanol distribution lines and found it was deteriorating as well. We also have replace the smaller drum of methanol with a 55 gallon drum of methanol to insure continuous feed of methanol to the clarifier. We will be monitoring the total nitrogen on a weekly basis to insure we are not in the action level of the permit let alone not exceeding the permit levels of the permit. We will keep you informed as how we are doing in prior to submitting our quarterly reports.

When we completed the expansion of the treatment plant, the plans call for the change in removing the nitrogen by having an anoxic zone and re-aeration to remove the nitrogen. Our engineer tells us the results will be more consistent and it will be much easier to control the level of total nitrogen in the effluent.

Please bear in mind that we are not operating the expansion of the system until the engineering drawings are completely approved by engineering of your office. I will call you when the plans are approved and will also notify you when we plan on making the transition to put the expansion in services.

Please call me for the follow up inspection so we can go through the repairs and also to show how we are implementing your suggestions as to how we intend to keep our plant in compliance.

Very truly yours,
SUNBELT UTILITY SERVICES

Maurice Lee
ADEQ I.D. No. 1242



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

3033 North Central Avenue • Phoenix, Arizona 85012-2809
(602) 207-2300 • www.adeq.state.az.us



Jacqueline E. Schafer
Director

June 28, 2001

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Steve Kohner, HOA Manager
The Links Estates MHP @ Ocotillo HOA
7902 North Black Canyon Hwy., Suite 100
Phoenix, Arizona 85051

**Re: 2001-Inspection of The Links Estates WWTP
Individual Aquifer Protection Permit No. P-102976,
Inventory No. 102976, WW Place Id. No.7879**

Dear Mr. Kohner:

Enclosed is the 2001-inspection report prepared by the Arizona Department of Environmental Quality's (ADEQ's) Water Quality Enforcement Unit (WQEU) concerning the inspection conducted at the above-referenced facilities on June 14, 2001. The inspection was conducted in accordance with Arizona Revised Statutes (A.R.S.) §49-203.B.1. et seq., and with Arizona Administrative Code (A.A.C.) R18-9-110.A.

As indicated in the enclosed "Summary of Inspection," there were no deficiencies observed during the 2001-inspection and the review of ADEQ records by WQEU staff. However, there are some recommendations noted at the end of this report.

Your continued efforts are appreciated in keeping your wastewater treatment and disposal systems in compliance with the applicable Arizona environmental rules and regulations. ADEQ thanks you for your efforts in protecting the public health and the environment.

Sincerely,

Nabil K. Anouti, E.E.S., Compliance Officer
Water Quality Enforcement Unit

cc: Pinal County Health Department
Asif Majeed, Manager, ADEQ - Wastewater Recharge & Reuse Unit
Maurice Lee, The Links Estates, 4545 E. Shea Ave., Suite 164, Phoenix, AZ 85008
(WQEU - Inventory # 102976)

Ref#EU01-0247

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(520) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Printed on recycled paper

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION - WATER QUALITY COMPLIANCE SECTION
Water Quality Enforcement Unit**

SUMMARY OF INSPECTION - WASTEWATER

FACILITY: The Links Estates

Inventory No.: 102976

Aquifer Protection Permit (APP) No.: P-102976

Federal NPDES Permit No.: N/A

Reclaimed WW Reuse Permit No.: N/A

GWQPP Permit No.: N/A

Inspected by: Nabil K. Anouti, E.E.S., Compliance Officer

Inspection Date: June 14, 2001

Report Date: June 28, 2001

Accompanied by: Maurice Lee, Certified Plant Operator.

YES NO N/A UNKNOWN

1. WWTP meets the following permit requirements:
 - A. Aquifer Protection Permit (individual)
 - B. Reclaimed WW Reuse Permit
 - C. Federal NPDES Permit
2. A certified operator is employed by the owner, in accordance with ADEQ regulations.
3. This system meets all permit requirements for operation and maintenance.

X			
		X	
		X	
X			
X			

INSPECTION PURPOSE AND SCOPE

The Department conducts periodic compliance assurance inspections at wastewater treatment and/or disposal facilities or systems to determine compliance with construction, permit operation & maintenance, permit conditions and state rules and regulations. If a facility is operating under specific conditions for a General APP or has connected to a public sanitary sewer, this inspection is directed to verify those conditions are met or that the sewer connection has been constructed.

FACILITY DESCRIPTION

The Links Estates MHP WWTP is located at 939 E. Clubhouse Lane in Queen Creek, Arizona. The treatment plant is designed to receive residential wastewater only. Most of the residents are retired individuals who occupy the resort all year around. The plant is originally approved on October 2, 1995 by ADEQ through an APP individual permit. The plant is a tertiary package treatment system designed by Santec, Inc. with nitrogen removal and ultraviolet disinfection.

The plant is located near the southeast corner of Ocotillo and Vineyard (Ironwood extended) in Queen Creek and south of The Links Estates Mobile Home Park. The plant was initially permitted for 2 process trains with a combined total flow of 75,000 gallons per day per APP permit. Currently only one train of 37,500 gpd has been built. It is treating an average daily flow of about 3,500 gallons per day. This plant is under a major modification of their system and has submitted an application for approval. The WWTP consists of a grit chamber with small screen located at the inlet to the equalization tank, which also houses 2 Goulds raw sewage pumps and a MAG flow meter, 3 aeration tanks (coarse bubble air) which operate in series, a denitrification/clarifier tank, an effluent holding tank with discharge pumps, a pressure sand filter, disinfection chamber (UV) and waste sludge tank. Nearly all of the equipments are buried below ground level. Only the blowers, sand filter unit and UV station are above ground. The plant is wired to receive a portable, emergency generator which is available onsite in the nearby equipment maintenance building. Effluent is discharged to 360,000 gallons unlined evaporation/percolation pond. At the time of inspection, the plant low flows preclude any treated effluent from being reused. A block wall has been constructed around the WWTP for security and safety purposes.

SUMMARY OF FIELD OBSERVATIONS

The 2001-inspection of The Links Estates WWTP was to evaluate the compliance status of Aquifer Protection Permit and the overall operation and maintenance of the treatment plant. No violations were observed during the time of inspection. The plant is required a certified WW operator, Grade 2 minimum to operate and maintain the treatment and disposal components.

The plant is designed to treat 37,500 gallons per day maximum daily flow. During the time of inspection, the current average daily flow was approx. 3500 gallons per day. The 2001 maximum daily flow was approx. 4000 gallons per day. The treated effluent is mainly percolating in the storage pond. The plant was well maintained and is also going through a major expansion. The plant currently serves about 72 units which are occupied part-time.

This plant has a six feet block wall around the perimeter. The wall serves as a safety feature and allows for on-site equipment storage and security.

The grit chamber is pumped periodically for proper operation and odor control. The grit is hauled by Coopers (waste hauler) to the 23 Avenue Phoenix plant for final disposal. Air scrubber devices were installed on the equalization tank and the first aeration tank for odor control. Each tank has 3 access ports and all are equipped with small carbon filters. Potassium permanganate may be used rather than carbon, due to cost and efficiency. These filters devices are designed and fabricated by Mr. Abercrombie. The aeration tanks were in excellent mixing conditions.

The plant are repairing the tertiary filter (compressor and air lines problems). A follow-up inspection will be scheduled to check on the filtration system no later than July 4, 2001. ADEQ/APP permit does not require testing of BOD or suspended solids.

The plant is also repairing the UV disinfection system which was not in operation at the time of inspection. Chlorine tablets are being used in compliance with the APP permit requirements.

A letter of notification has been sent to ADEQ staff on June 15, 2001 providing details about the UV unit failure and the time frame that is required to fix this unit.

The plant has submitted the 2001-SMRF for the first Quarter only and had reported one violation of TN that exceeded APP permit level of 10 mg/l for the month of February. The plant operator has found the methanol feed distribution lines were deteriorating and caused the system troubleshooting (improper denitrification). A replacement of the distribution lines and the methanol drum to a 55 gallon are corrected. A weekly monitoring of TN will be conducted to comply with the permit requirements.

The effluent holding pond contains barely any water because of low daily flow. The effluent holding pond needs to be resigned to warn people that the pond contains effluent.

Currently, the plant is expanding the system to 75,000 gpd. A major modification of the treatment system is being constructed and an applications to modify the APP permit has been submitted to the Water Permits Section.

COMPLIANCE SUMMARY

1. **Construction Requirements:** There is currently construction and modification of this plant to increase the treatment efficiency and flow capacity to 75,000 gpd. An application is submitted to ADEQ for the APP permit modification.
Rating: FULL COMPLIANCE.
2. **Monitoring and Reporting Requirements:** There is monitoring and reporting requirements for this system. It is required that a maintenance record-keeping system be always updated and kept onsite for future reference to demonstrate that adequate maintenance is performed on this system and all approved onsite wastewater disposal facilities. Monthly monitoring and quarterly reporting data are received by the Department for the months of January thru March 2001 and shows no violations that exceed the allowable permit limits. Reports are submitted for APP permit.
Rating: FULL COMPLIANCE.
3. **Operator Certification Requirements:** Certified operator requirements do pertain to this type of wastewater treatment and disposal system. On-site Certified/Remote Operator, Mr. Maurice Lee was on-site during this inspection on June 14, 2001.
Rating: FULL COMPLIANCE.
4. **Operation & Maintenance (O&M) Requirements:** The facility is not in good operation conditions. The onsite operation and maintenance manual is not that useful in accordance with the operator. Problems are occurring with UV disinfection system, the filtration unit, and the methanol feed system. WQEU staff are looking at scheduling a follow up inspection to check on those components.
Rating: FULL COMPLIANCE.
5. **Overall Rating: FULL COMPLIANCE.**

The Links Estates
June 28, 2001

Page 4

RECOMMENDATIONS:-

1. The facility owner shall obtain the APP permit modification prior to the startup operation of the new components. A copy of this permit modification should be sent to the WQEU Compliance Officer when approved.
2. The facility shall speed up those repairs of the UV disinfection unit, sand filter, and the methanol feed system because those components are essential in meeting the APP permit requirements.

END OF REPORT

B

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 1

NAME OF SUBDIVISION

and the H2O, Inc.

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date _____ Name _____
TYPE OR PRINT SIGNATURE

Title _____

Address _____

City _____ Zip Code _____

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 1

NAME OF SUBDIVISION

and the SUNBELT SANITATION GROUP L.L.C.

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 8/7/00 Name MAURICE LEE Maurice Lee
TYPE OR PRINT SIGNATURE

Title MANAGER

Address P.O. Box 30543

City PHOENIX, AZ Zip Code 85046

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 2

NAME OF SUBDIVISION

and the

H2O, Inc.

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date _____ Name _____
TYPE OR PRINT SIGNATURE

Title _____

Address _____

City _____ Zip Code _____

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 2

NAME OF SUBDIVISION

and the

SUNBELT SANITATION GROUP L.L.C.

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 8/12/00 Name MAURICE LEE Maurice Lee
TYPE OR PRINT SIGNATURE

Title MANAGER

Address P.O. Box 30543

City PHX, AZ Zip Code 85046

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 3

NAME OF SUBDIVISION

and the H2O, Inc.

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date _____ Name _____
TYPE OR PRINT SIGNATURE

Title _____

Address _____

City _____ Zip Code _____

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 3

NAME OF SUBDIVISION

and the SUNBELT SANITATION GROUP L.L.C.

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 8/7/00 Name MAURICE LEE Maurice Lee
TYPE OR PRINT SIGNATURE

Title MANAGER

Address P.O. BOX 30546

City PHX, AZ Zip Code 85046

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 5

NAME OF SUBDIVISION

and the H2O, Inc.

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date _____ Name _____
TYPE OR PRINT SIGNATURE

Title _____

Address _____

City _____ Zip Code _____

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 5

NAME OF SUBDIVISION

and the SUNBELT SANITATION GROUP L.L.C.

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 8/7/00 Name MAURICE LEE
TYPE OR PRINT SIGNATURE

Title MANAGER

Address P.O. BOX 30543

City PHX, AZ Zip Code 85046

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 6

NAME OF SUBDIVISION

and the

H2O, Inc.

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date _____ Name _____
TYPE OR PRINT SIGNATURE

Title _____

Address _____

City _____ Zip Code _____

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 6

NAME OF SUBDIVISION

and the

SUNBELT SANITATION GROUP L.L.C.

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 8/7/00 Name MAURICE LEE
TYPE OR PRINT SIGNATURE

Title MANAGER

Address P.O. BOX 30543

City PHX, AZ Zip Code 85046

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 7

NAME OF SUBDIVISION

and the H2O, Inc.

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date _____ Name _____
TYPE OR PRINT SIGNATURE

Title _____

Address _____

City _____ Zip Code _____

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA - Parcel # 7

NAME OF SUBDIVISION

and the SUNBELT SANITATION GROUP L.L.C.

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 8/7/00 Name MAURICE LEE Maurice Lee
TYPE OR PRINT SIGNATURE

Title MANAGER

Address P.O. Box 30543

City PHX, AZ Zip Code 85046

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

COPY

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA PARCEL 4

NAME OF SUBDIVISION

and the

H2O Inc 11-060

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 6-30-00

Name

[Signature]

TYPE OR PRINT

SIGNATURE

Title

President

Address

P.O. Box 40340

City

MESA AZ

Zip Code

85274

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA PARCEL 4

NAME OF SUBDIVISION

and the

SUNBELT SANITATION GROUP, LLC

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date

7/24/00

Name

MURICE LEE

TYPE OR PRINT

[Signature]

SIGNATURE

Title

MANAGER/MEMBER

Address

P.O. Box 30543

City

PHOENIX, AZ

Zip Code

85046

WATER SERVICE AGREEMENT AND SEWER SERVICE AGREEMENT

COPY

WATER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA INFRASTRUCTURE

NAME OF SUBDIVISION

and the

H₂O, Inc. 11-060

NAME OF WATER SYSTEM OR MUNICIPALITY

to provide water service to each and every lot in accordance with the design shown on the attached plats of the subdivision.

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 6-30-00

Name

[Signature]

TYPE OR PRINT

SIGNATURE

Title

Pres.

Address

P.O. Box 40340

City

MESA AZ

Zip Code

85274

SEWER SERVICE AGREEMENT - An unconditional agreement which is effective this date has been made between the owners of:

CAMBRIA INFRASTRUCTURE

NAME OF SUBDIVISION

and the

SUNBELT SANITATION GROUP, L.L.C.

NAME OF SEWER SYSTEM OR MUNICIPALITY

to provide sewer service to each and every lot in accordance with the design shown on the attached plats of the subdivision

The undersigned hereby agrees to inspect this project during construction to assure compliance with plans and specifications approved by the Arizona Department of Environmental Quality and upon completion shall be responsible for maintenance and operating the system.

Date 6/22/00

Name

MAURICE LEE

TYPE OR PRINT

[Signature]

SIGNATURE

Title

MEMBER, MGR.

Address

7902 N. BLACK CANYON STE. 100

City

PHOENIX, AZ

Zip Code

85051

Azuss
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 1 (800) 859-1680 FAX (602) 923-9142

Fax Transmittal

To: KEN GLOVER
COE & VAN LEO

From: MAURICE LEE

Fax No. 602-264-0928

Date: 7/2/01

Ref: CAMBRIA/LINK WWTP

Urgent ☒ Reply ☐ For Your Information ☐ Number of Pages

Message:

KEN,
THIS IS WHAT I SUPPLIED TO
KIP GILLELAND W/ WOODSIDE HOMES.
THERE WILL BE A CAPACITY OF 21,500 GPD
AFTER TAKING OUT WHAT THE LINKS
ESTATES IS USING.
CALL ME IF YOU HAVE ANY QUESTIONS.

MAURICE LEE
CALL# 602-565-4071

Azuss
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 1 (800) 859-1680 FAX (602) 923-9142

Fax Transmittal

To: Kip Gilleland
Woodside Homes

Fax No. (480) 755-0802
Ref: Cambria WWTP

From: Maurice Lee

Date: June 25, 2001
Urgent Reply^{XX} For Your Information Number of Pages 8

Message:

Kip,

Per your request.

Maurice Lee

Original by US Mail

AZUSS
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 FAX (602) 923-9142

June 25, 2001

Mr. Kip Gilleland,
Development Director
Woodside Homes sales Corporation
1204 E. Baseline Rd., Ste. 104
Tempe, AZ 85283

**RE: Cambria Wastewater Treatment Plant
Links Estates Wastewater Treatment Plant**

Dear Mr. Gilleland:

I have enclosed for your reference copies of the following:

1. Letter from Mr. Terry Moore, P.E. dated March 14, 2001. stating the dates of anticipated completion dates of the expansion of the existing Links WWTP and the completion of the Cambria WWTP. (Also shows availability of the Links WWTP)
2. Copy of ADEQ Approval of Cambria Lift Station dated May 17, 2001. (Already completed except for some minor piping)
3. Copy of ADEQ letter dated May 22, 2001 on the corrections needed for the expansion to 75,000 gallons per day. Expansion has been completed but not connected until approval by ADEQ. We would expect complete approval by Aug. 1, 2001 of which the final connection would be made at that time.

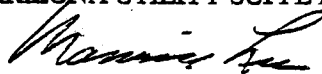
The plans for the 420,000 gallon per day Cambria treatment plant will be submitted to ADEQ On July 2, 2001. Because of the new ADEQ rules, the submittals now must include the complete Operation & Maintenance manual which has taken our engineer more time to complete. Construction of the Cambria WWTP has already begun with the installation of the aeration tanks 75% in the ground. There will not be any trouble meeting the completion of the first phase by November 1, 2001 and the completion of phase 2 by January 2, 2002. Approval of the 420,000 GPD Cambria WWTP by ADEQ will also have complete approval by November 1, 2001.

To again assure you the following completion dates can and will be completed:

1. The existing Links WWTP of 37,500 GPD will be completed by 9/1/01.
2. The Cambria WWTP Phase I of 150,000 GPD will be completed by 11/1/01.
3. The Cambria WWTP Phase 2 of 150,000 GPD will be completed by 1/2/02.
4. Balance of WWTP of 420,000 GPD and the closure of Links WWTP will be completed by June 1, 2002.

Please call should you have any questions.

Very truly yours,
ARIZONA UTILITY SUPPLY & SERVICES, LLC



Maurice Lee
Managing Member

Encl.
ML/ml



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Provisional Verification of General Permit Conformance for Sewage Collection System General Permit 4.01

Applicant Information:		ADEQ File No. 20000370	
Name	Sunbelt Sanitation Group, L.L.C.	Project Name: Cambria Homes Pump Station	
Address	P. O. Box 30543 Phoenix, AZ 85046-0543		
Project Type(s) <input type="checkbox"/> Gravity <input checked="" type="checkbox"/> Lift Station <input type="checkbox"/> Forcemain <input type="checkbox"/> Other:		Project Location (street names/intersections) Ocotillo Road and Vineyard Road (Queen Creek)	
Wastewater System Name:	Sunbelt Sanitation Group, L.L.C.	Treatment Facility Permitted Design Flow: <div style="text-align: center;">gallons per day</div>	
Wastewater System Number:			
System Inventory Number:	501664	System Capacity Affirmation, Date:	
Design Documents Approved for Construction		Site Information:	
Document	Date	County: Pinal	
Notice of Intent to Discharge		Location of Downstream End of system proposed herein:	
Site Plan	07/12/00	Twtnshp	Range
Design Plan	07/12/00	Latitude:	° ' " "
Operation & Maintenance Plan		Longitude:	° ' " "
Other Document(s):		Legal Description of area served by project:	
		Township: 2S	Range: 8F
		Section: 20	
		Township:	Range:
		Section:	
		Township:	Range:
		Section:	
Provisional Verification of General Permit Conformance: This Provisional Verification of General Permit Conformance is issued in accordance with Arizona Administrative Code Title 18, Chapter 9, Article 3, Part A, Section A301. The applicant is authorized to construct the facility at the location specified herein under terms and conditions of the requested general permit and applicable requirements of Arizona Revised Statutes Title 45, Chapter 2, and Arizona Administrative Code Title 18, Chapter 9. The applicant has two years from the approval date of this document to complete construction and submit the applicable verification documents specified in A.A.C. R18-9-E301(E). Construction shall conform with the approved design documents.			
Gregory H. Brown, P.E.		Manager, Wastewater Design Review Unit <div style="text-align: center;">Title</div>	
		5/17/2001 <div style="text-align: center;">Date</div>	



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

3033 North Central Avenue - Phoenix, Arizona 85012-280
(602) 207-2300 - www.adeq.state.az.us



Jacqueline E. Schafer
Director

Notice of Licensing Decision To Grant Prior to Expiration of Licensing Time Frames

Terry Moore
1206 W Remuda Way
Payson AZ 85541

May 17, 2001

Subject: LTF Tracking ID: 19872
Cambria Homes Pump Station

Project ID:

20000370

Dear Applicant:

ADEQ has granted you a license in response to the above referenced application. A copy of the license is attached. ADEQ review of your application was subject to the requirements of the licensing time frames statute under A.R.S. 41-1072 through 41-1079. This letter is the written notification of the licensing decision required under A.R.S. 41-1076 and A.A.C. R18-1-507(A).

ADEQ has determined that it has issued this letter containing ADEQ's licensing decision to you prior to the expiration of the A.R.S. 41-1073(A) licensing time frames governing your application. This determination may be an appealable agency action under A.R.S. 41-1092(3) or a contested case under A.R.S. 41-1001(4). You have a right to request a hearing on an appealable agency action or a contested case and to request an informal settlement conference under A.R.S. 41-1092.06 and A.A.C. R18-1-203. To obtain a hearing on an appealable agency action or a contested case, you must file a notice of appeal within 30 days after receiving this letter. Attached to this letter is the name and telephone number of an ADEQ contact person who can answer questions concerning the appeals process.

Mohamed Hegazy
Arizona Department of Environmental Quality
3033 N Central Ave
Phoenix, AZ 85012
(602)207-4589



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

3033 North Central Avenue • Phoenix, Arizona 85012-2809
(602) 207-2300 • www.adeq.state.az.us



Jacqueline E. Schafer
Director

May 22, 2001

Maurice Lee
Arizona Utility Supply & Services, LLC
4545 E. Shea Blvd. #164
Phoenix, Arizona 85028

RE: The Links Estates Wastewater Treatment Plant (WWTP) Application for Permit
Amendment - Completeness review
File No. P102976

Dear Mr. Lee:

The Water Permits Section of the Arizona Department of Environmental Quality (ADEQ) has reviewed the APP application for the above referenced facility. Based on this review, the application is deemed to be incomplete. Please submit the following to complete the application:

1. Describe the proposed method of solids management for the sludge from the facility (A.A.C. R18-9-B202.A.2).
2. Provide engineering calculations that demonstrate that the design meets BADCT requirements and will achieve treatment levels specified in R18-9-B204 for the following unit processes (not provided with the Design Report)(A.A.C. R18-9-B202.A.3):
 - Provide calculations verifying that the existing flow equalization basin has adequate capacity at to accommodate the increased flow (original approval to construct was for approximately half of the currently requested 75,000 gpd constructed capacity). Verify that the equalization basin has adequate mixing to maintain aerobic conditions.
 - Provide calculations verifying that the existing filtration system and ultraviolet disinfection system both have adequate capacity to treat the increased flow rates proposed for this expansion.
 - Provide design calculations for the proposed denitrification facilities.
 - Verify if the standby generator provided for the facility has adequate capacity to power essential process equipment in the event of a power failure at the plant.
3. Include in a revised design report a description of planned normal operation of the plant (A.A.C. R18-9-B202.A.4).

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(520) 779-0313

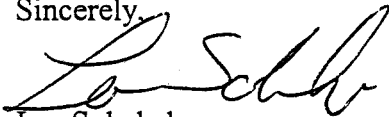
Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Maurice Lee
May 22, 2001
Page 2

4. As required by A.A.C. R18-9-B202.A.5, provide a description of operation and maintenance, an operation and maintenance plan, and a description of contingency and emergency operation of the system.
5. Submit a description of construction management controls to be used for the project, as per A.A.C. R18-9-B202.A.6.
6. Include a description of the system startup plan, as per A.A.C. R18-9-B202.A.7.
7. Provide a certification by an Arizona-registered professional engineer that all aspects of the design, including pipe coding, auxiliary power sources, and separation requirements, comply with applicable statutes, rules and codes.
8. Provide a site diagram depicting compliance with the setback requirements established in A.A.C. R18-9-B201(I). Identify if the facility resides within the 100-year floodplain. Indicate the 25-year flood elevation.
9. Describe plant security measures (i.e. plant perimeter fencing) on the plans.

If you have any questions regarding this letter, please contact me at 602-207-4503 or Anita Pritchard at 602-207-4362

Sincerely,



Lee Sobchak
Water Permits Section
Water Quality Division

cc: Asif Majeed, Manager, Wastewater & Recharge Unit

MWR01:0377

THIS DOCUMENT IS THE PROPERTY OF MOORE & ASSOCIATES, INC. IT IS TO BE USED ONLY FOR THE PROJECT AND PURPOSE SPECIFICALLY IDENTIFIED IN THE PROJECT DESCRIPTION. IT IS NOT TO BE REPRODUCED, COPIED, OR DISTRIBUTED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF MOORE & ASSOCIATES, INC. ANY VIOLATION OF THESE TERMS WILL BE CONSIDERED A BREACH OF CONTRACT AND WILL BE SUBJECT TO LEGAL ACTION.

**MOORE &
ASSOCIATES**
inc.
CONSULTING ENGINEERS

Terry L. Moore P.E., R.L.S.

March 14, 2001

Ms. Anita Pritchard, E.I.T.
Wastewater Design Review Unit
Arizona Dept. of Environmental Quality
3033 N. Central Ave.
Phoenix, AZ 85012

RE: Cambria Subdivision ADEQ File Nos. 20000633, 20000416, 20000419
20000417, and 20000487

Dear Ms. Pritchard:

As you know, I do all the engineering for Arizona Utility Supply and Services, LLC who owns the Links at Ocotillo wastewater treatment plant.

We are in the process of designing the Cambria wastewater treatment plant which will be submitted to the Aquifer Protection Permit unit on April 2, 2001 for your Department's approval. The design for the expansion for the Links treatment plant has been completed and will be submitted to your office no later than Friday of this week. The corrections to the Cambria lift station have been completed and will also be submitted to your office no later than Friday of this week as well.

All of the parts and equipment are on site for the expansion of the Links WWTP of which Arizona Utility Supply & Services, LLC will start construction of the expansion on March 19, 2001. This facility will be ready to operate when your department issues the Approval to Operate. There is already an existing Aquifer Protection Permit issued (ADEQ No. P102976) for 75,000 gallons per day. A Reuse application has already been filed with your office for approval to re-use the effluent on the golf course adjacent to The Links Estates. The expansion of the Links treatment plant will be ready to operate on Sept. 1, 2001

The basins and equipment for Phase 1 of the Cambria wastewater treatment plant are on the site at this time. Arizona Utility Supply & Services, LLC. will begin fencing the site immediately and will start the installation of the plant with in the next month. With ADEQ's approval, it is anticipated that the first phase of 450,000 gallons per day will be complete by November 1, 2001. Phase 2 of the plant will be complete by January 1, 2002. The balance of the Cambria wastewater treatment plant and the closing of the Links treatment plant should be completed by May, 2002

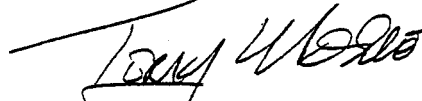
For your reference, we have enclosed herewith an "Exhibit A" which shows the projected homes closings as supplied by Kip Gilleland of Woodside Homes. That exhibit also shows the anticipated flows coming into the links plant and capacity left while Arizona Utility Supply & Services completes the remaining phases of each plant.

Arizona Utility Supply & Services, LLC is performing daily monitoring of the system. Any time there is a threat to the capacity of the Links treatment plant, Arizona Utility Supply and Services, LLC will notify Woodside Homes to cease any further closings and we will advise your office as well.

March 14, 2001
Page 2

Please feel free to call, should you have any questions of contact Mr. Maurice Lee of Arizona
Utility Supply & Services, LLC at (602) 569-3190.

Very truly yours,
MOORE & ASSOCIATES, INC.


Terry L. Moore, P.E.

cc: Kip Gilleland, Woodside Homes
Greg Brown, Manager, Wastewater Design Review Unit
Bill Shafer, Manager, Water Technical Engineering Unit
Maurice Lee, Arizona Utility Supply & Services, LLC
Paul Siders, P.E., Coe & Van Loo

Encl. - Exhibit A



Projected Closings Per Month

Woodside Units 4 & 6 Homes/Mo	Apr-01 10	May-01	Jun-01 11	Jul-01 11	Aug-01 11	Sep-01 11	Oct-01 11	Nov-01 11	Dec-01 11
Great West Units 1 & 3 Homes/Mo									
Units 5, 2, & 7 Homes/Mo									

Total Sales Per Mo.	10								
Accum. Sales	10								
Flow @ 320 GPD*	7,700	7,700	11,220	15,740	25,300	35,860	46,420	56,980	67,540
Flow @ 450 GPD**	9,000	9,000	13,950	18,940	33,750	48,600	63,450	78,300	93,150
Capacity of Links WWTP @ 320 GPD	29,800	29,800	26,280	22,700	12,200	39,140	31,360	18,200	7,100
Capacity of Links WWTP @ 450 GPD	28,500	28,500	23,500	18,600	3,750	21,900	11,550	<3,300>	<18,150>

Note: All Flows include existing flow of less than 4,500 GPD

- * Flow of 320 GPD based on existing flows of other similar subdivisions.
- ** Flow of 450 GPD based on new ADEQ rules.

Existing links WWTP of 37,500 will have its expansion to 75,000 GPD completed by 9/1/01
 Cambria WWTP Phase 1 of 150,000 GPD will be completed by Nov. 1, 2001
 Cambria WWTP Phase 2 of 150,000 GPD will be completed by Jan. 1, 2002
 Balance of Cambria WWTP of 420,000 GPD and the closure of Links WWTP will be complete by May of 2002

EXHIBIT A



AZUSS
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 FAX (602) 923-9142

April 16, 2001

Ms. Anita Pritchard, E.I.T.
Wastewater Design Review Unit
Arizona Dept. of Environmental Quality
3033 N. Central Ave.
Phoenix, AZ 85012

RE: Cambria Parcels No. 2,4,5,6,7
ADEQ File Nos. 20000633, 20000416, 20000419, 20000417, 20000487

Dear Ms. Pritchard:

We are in receipt of your letter dated April 12, 2001 To Mr. Gene Morrison of Woodside Homes.

Pursuant to a meeting that we had earlier with Greg Brown, yourself and our engineer, Terry Moore, P.E., it was our understanding that your department could issue a condition letter of approval based on the capacity of the Links wastewater treatment plant. We also told you and Mr. Brown that we were in the process of expanding the Links treatment plant to 75,000 gallons per day. That construction will be completed within the next 30 days, which will be in line with the already approved APP No. P102976 for the Links WWTP.

Enclosed for your records are the plans and design report for the expansion of the Links wastewater treatment plant. Since we already have the Aquifer Protection Permit for 75,000 gallons per day and with the new rules and regulations, it is our understanding we can expand the system to the 75,000 gallons per day without any further approval.

Separately from this issue but yet still attached is the fact that we have requested that we meet with you, your supervisor and the Water Permits Section to discuss our future planning for the regional plant and sizing for that plant yet to be engineered. Please advise as to we might be able to meet concerning our plans for plants now under construction and engineering for the plants in the future.

Very truly yours,
ARIZONA UTILITY SUPPLY & SERVICES, LLC

BL
Maurice Lee
Member/Manager

cc: Woodside Homes
Greg Brown- AADEQ
Bill Shafer
Paul Siders, P.E. - Coe & Van Loo
Terry Moore, P.E. - Moore & Assoc., Inc. ✓

AZUSS
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 FAX (602) 923-9142

April 16, 2001

Mr. Mohamed A. Hegazy, Ph.D.
Wastewater Design Review Unit, WPS, WQD
Arizona Dept. of Environmental Quality
3033 N. Central Ave.
Phoenix, AZ 85012

RE: Engineering Review file No. 20000370
Cambria Homes Lift Station
Pinal County, Arizona

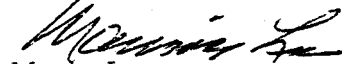
Dear Mr. Hegazy:

Please be advise that Arizona Utility Supply & Services, LLC has taken over and has been assigned the ownership of The Links at Ocotillo Wastewater Treatment Plant as well as the lift station under the above captioned file number.

Please find herewith enclosed the revised plans for the lift station showing the 100 year flood plain elevation as well as a copy of the signed conceptual County Approval Form from Pinal County.

Please advise as to when the plans can be issued the "Approval to Construct.

Very truly yours,
ARIZONA UTILITY SUPPLY & SERVICES, LLC



Maurice Lee
Member/Manager

cc: Terry Moore, P.E.
 Anita Pritchard, E.I.T. ADEQ Engineering Design Unit



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

Jacqueline E. Schafer, Director

ERP:00-1822

July 24, 2000

Terry Moore, P.E.
Moore and Associates, Inc.
1206 W. Reemuda Way
Payson, AZ 85541
Fax: (520) 472-8182

**RE: Engineering Review File No. 20000370
Cambria Homes Lift Station
Pinal County, Arizona**

Dear Mr. Moore:

As the assigned reviewer for the referenced proposed design, I have determined that the following must be supplied or addressed before an Approval to Construct can be issued by the Wastewater Design Review Unit:

1. Please provide a signed Conceptual County Approval Form for the project.

Although I cannot assure that Approval to Construct issuance can be accomplished by any particular date, I can assure you that your prompt response will accelerate that process. If you have any questions about this letter, please call me at 1-800-234-5677, extension 4589, or 602-207-4589.

FAX 602-207-4634

Sincerely,

A handwritten signature in black ink, appearing to read "Moh A.", is written over the word "Sincerely,".

Mohamed A. Hegazy, Ph.D.
Wastewater Design Review Unit, WPS, WQD

MAH:mah
CONDOCS\A0370xbm.a71

Attachment:

Licensing Time Frames Notice

cc: Design Review File 20000370

✓ Owner: Sunbuilt Sanitary Group, L.L.C., P. O. Box 30543, Phoenix, AZ 85046



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

Jacqueline E. Schafer, Director

Notice of Administrative Deficiencies

Terry Moore
Cambria Homes Pump Station
1206 W Remuda Way
Payson AZ 85541

July 24, 2000

Subject: LTF Tracking ID: 19872

Project ID: 20000370

Dear Applicant:

ADEQ review of your application referenced above is subject to the requirements of the licensing time frames statute under A.R.S. 41-1072 through 41-1079 and the licensing time frames rules under A.A.C. R18-1-501 through R18-1-525. During the course of review of your application, ADEQ has determined that the application is not administratively complete in accordance with the licensing time frames statute and rules and does not contain all application components required by statute or rule and necessary for ADEQ to grant the license you requested.

This letter is the written notification of this determination required under A.R.S. 41-1074 and A.A.C. R18-1-503(C). This determination causes the running of days within all time frames on your application to suspend until you respond with all information identified on the comprehensive list of specific deficiencies attached to this letter.

You may, in lieu of submitting some or all of the components identified on the list, submit whatever information you believe necessary to support the grant of the license you requested along with a timely written "notice of intent to rely on the application components as submitted" under A.A.C. R18-1-205(B) and R18-1-520. A timely notice is one submitted within two months of receipt of this letter. Upon receipt of a timely notice, ADEQ must either (1) rescind or modify its request for the application component or components objected to in your notice or (2) grant or deny the license. Also, if the running of days within the time frames is suspended, receipt of a timely notice by ADEQ will cause the running of days to resume.

Please contact the undersigned if you have questions regarding this matter.

A handwritten signature in black ink, appearing to read "Mohamed Hegazy".

Mohamed Hegazy
Arizona Department of Environmental Quality
3033 N Central Ave
Phoenix, AZ 85012
(602)207-4589

PINAL COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC HEALTH
188 S. MAIN • COOLIDGE, ARIZONA 85228

Susanne W. Straussner
Director



Telephone (520) 868-7301
Fax (520) 868-7358
TDD (520) 868-6379

September 25, 2000

Maurice Lee
Sunbelt Sanitation Group L.L.C.
P.O. Box 30543
Phoenix, Arizona 85046-0543

Re: County Conceptual Approval (ADEQ Form 113) for Cambria Homes Wastewater
Pump Station

Dear Mr. Lee:

Enclosed please find the completed *Pinal County Approval Of Water And/Or Wastewater Project* form for the above referenced project. This document should be included with your ADEQ plan submittal package for the pump station.

If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to be "R. E. Glos", is written over a horizontal line.

R. E. Glos
Environmental Health Administrator

REG/rg

enclosure:



**COUNTY CONCEPTUAL APPROVAL OF WATER
AND/OR WASTEWATER PROJECT (ADEQ Form 113)**

This form is to be filled out, signed and SUBMITTED WITH all Applications for Approval to Construct Water and/or Wastewater Facilities and/or Applications for Approval of Sanitary Facilities for Subdivisions.

1. PROJECT NAME: CAMBRIA HOMES WASTEWATER PUMP STATION
2. PROJECT TYPE (Please check all applicable components of the OVERALL PROJECT): ☒
- | | |
|---|--|
| <input type="checkbox"/> New Public Drinking Water System | <input type="checkbox"/> Individual On-site Disposal System
(for a single residence only) |
| <input type="checkbox"/> New Community Sewage System | <input type="checkbox"/> Other On-site Disposal System |
| <input type="checkbox"/> Extend Existing Drinking Water System | <input type="checkbox"/> Subdivision |
| <input checked="" type="checkbox"/> Extend Existing Sewage System | <input type="checkbox"/> Mobile Home or R.V. Park |
| <input type="checkbox"/> Other (describe) _____ | |

3. COUNTY STATEMENT OF CONCEPTUAL APPROVAL:

Plans and supporting data for the above project have been reviewed by the

PINAL COUNTY DIVISION OF PUBLIC HEALTH

(NAME OF COUNTY HEALTH DEPARTMENT OR ENVIRONMENTAL AGENCY)

and county conceptual approval is hereby given for the project, except as noted below. For individual sewage disposal systems, this is an approval of method only. **FINAL PLAN APPROVAL BY THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY MUST BE OBTAINED BEFORE CONSTRUCTION OF THE PROJECT CAN BEGIN.**

County Comments: Pending approval and construction of a new WWTF to serve the Cambria development, it is proposed that wastewater from this development will be temporarily diverted to WWTF 41-671 (The Links). The Cambria pump station will provide the means to deliver Cambria wastewater to WWTF 41-671.

Continued on Attachment ☒ No ☐ Yes (Pages) _____

Name of County Official (type or print) Raymond E. Glos

Signature of County Official 

Title of County Official Environmental Health Administrator

Address P.O. Box 2517 (31 N. Pinal St., Bldg F)

City Florence

Zip Code 85232

Date September 25, 2000

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY, ENGINEERING REVIEW DESK
3033 N. Central Ave., Phoenix, Arizona 85012

Sunbelt Sanitation Group, LLC

P.O. Box 30543
Phoenix, AZ 85046
(602) 569-3190 Fax (602) 569-3536

Facsimili
COVER SHEET

To:

Mohamed A. Hagazy, Ph. D.
Wastewater Design Review Unit
ADEQ
3033 N. Central Ave
Phoenix, AZ 85012

From:

Maurice Lee

Date: 9/25/00
Number of Pages: 2
Phone: 207-4589
Fax: 2207-4634

Remarks:

RE: Cambria Homes Lift Station
ADEQ File No. 20000370

Dear Mr. Hagazy:

Enclosed herewith is the Conceptual Approval for the lift statin per your request of July 24, 2000.

Please contact me as soon as possible as th when the "Approval to Construct" might be ready to be issued.

Thank you,
Maurice Lee

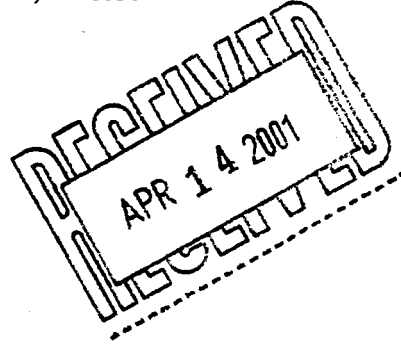
C

Arizona Utility Supply & Services, LLC

3420 E. Shea Blvd. #213 Phoenix, AZ 85028
(602) 953-5128 (602) 569-3190 Fax (602) 569-3536

March 6, 2001

Mr. John Poulsen, Providence Development, Inc.
Mr. Kip Gilleland, Victory Development, LLC
Mr. Scott Simonton, Summer Ridge, LLC
c/o Providence Homes
1350 E. McKellips, Suite 2
Mesa, AZ 85203



RE: Castlegate Wastewater Treatment Plant (WWTP)
S.E. Corner Schnepf Road & Ocotillo Road, Pinal County, Arizona

Pursuant to our previous conversations, may this serve as a proposal to design and build a wastewater treatment plant ("WWTP") to accommodate the proposed Castlegate development, which consists of 1,409 residential lots, a 4-acre commercial site, and a 9.6-acre industrial site ("Castlegate"). If accepted, this proposal and agreement shall be between Arizona Utility Supply & Services, LLC (AUS&S) and Providence Development, Inc., Victory Development, LLC, and Summer Ridge, LLC (together "Developer").

AUS&S shall design and build the WWTP with sufficient capacity to serve Castlegate and shall ensure the facility meets all governmental requirements and standards. AUS&S agrees to make its best effort to also provide capacity to service a 12-acre school site situated within the Castlegate boundaries, it being understood by all parties that service to the school site will be strictly on an "as available" basis.

AUS&S acknowledges it has been furnished reports setting forth geological testing, ground water conditions, percolations testing, and soils investigation and will be furnished with Stantec Consulting, Inc. engineering data and wastewater filings made prior to this date ("Developer Materials"). AUS&S accepts responsibility for the use of Developer Materials and agrees to hold the Developer harmless as to its completeness and accuracy should AUS&S use the material as supplied by the Developer.

AUS&S, at its option, shall complete the Stantec design and/or redesign the WWTP. In either case, the design shall be in accordance with the latest rules and regulations of the Arizona Department of Environmental Quality ("ADEQ"). AUS&S shall file required applications and obtain required approvals, including an Aquifer Protection Permit ("APP"), and obtain permits to construct and operate the WWTP.

AUS&S shall construct the WWTP in three (3) phases as shown on "Exhibit A". The total cost, including design, engineering, construction, and all governmental approvals ("Work"), shall not exceed one million nine hundred seventy-four thousand nine hundred fifteen dollars (\$1,974,915.00) ("Maximum Cost"). The total cost shall be determined by AUS&S actual cost plus ten (10) percent ("Total Cost"), but in no event shall exceed the Maximum Cost. Billings to the Developer shall be inclusive of all costs to AUS&S, but shall not include management costs and overhead for AUS&S. AUS&S shall be the sole owner of the WWTP and collection lines. AUS&S shall have an easement over the collection lines for access and maintenance. It is agreed that the Developer and any successors or assigns shall not be required to pay any further costs or hookup fees for Castlegate's use of the WWTP.

In the event that AUS&S does not complete construction of Phase I by the later of January 31, 2002 or the date that Developer expects to close the first home in Castlegate, or at any time Developer determines it is infeasible for AUS&S to complete construction of Phase I by the later of the aforementioned dates, other than for delays caused by delays in Developer funding not otherwise allowed by the terms of this agreement, the Developer may take over and complete construction of the WWTP and Developer will have full ownership of the WWTP. A similar Developer right of completion and ownership

will apply to Phases II and III based on dates that those respective phases are required to be completed in order to continue closing home sales in Castlegate. Should the provisions of this paragraph be exercised, AUS&S agrees to provide Developer with access to all records and materials relating to the WWTP.

By separate agreement between AUS&S and Summer Ridge, LLC, AUS&S shall lease sufficient property from Summer Ridge for the WWTP. AUS&S understands the Summer Ridge site is zoned industrial CI-2, but may require a use permit and/or other approvals.


The fees for sewer service to the homes to be constructed shall be set forth by the Arizona Corporation Commission in the "Certificate of Convenience and Necessity". The initial fee per month for a residential lot shall not exceed \$32 per month per residence.

The Developer shall make payments to AUS&S as shown on the projected timetable on "Exhibit A" unless changed and agreed to in writing. Said payments are subject to the Work proceeding at a reasonable pace, each payment's scheduled Work still reasonably anticipated for completion during the month of payment, and the scheduled Work from the previous payment being materially complete. Percentage of completion shall be estimated and submitted by AUS&S to Developer and Developer shall have the right to contest such completion percentage or expended cost. Should an agreement not be reached as to the percentage of completion or expended cost, the Developer shall obtain an estimate from an engineer as to the percent complete.

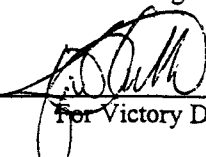
AUS&S agrees to be fully insured by public liability, automobile liability, and workers compensation insurance policies with coverages as required by the Developer's insurance policies, including naming Developer as additional insured parties.


This proposal and agreement has been entered into in good faith of which time is of the essence. In the event that suit is needed to enforce the terms and conditions of this proposal and agreement, the prevailing party shall be entitled to attorney fees and cost to enforce the terms and conditions of this agreement.

Respectfully submitted,
ARIZONA UTILITY SUPPLY & SERVICES, LLC

AGREE TO:

For Providence Development, Inc. Date: 3/15/01

Maurice Lee
Member/Manager


For Victory Development, LLC Date: 3/30/01


For Summer Ridge, LLC Date: 3/15/01

Encl. - "Exhibit A" - Cost Schedule and Construction Schedule

"EXHIBIT A"

Phase 1

➤ Indicates periods of construction or payment.

Phase I (Above)	1,148,155
(B) Phase II	450,989
(B) Phase III	375,771

(b) Phases II and III to proceed upon written authorization from Developer. Payment schedules to be determined at that time upon mutual consent of all parties in a form similar to Phase I above. Projected Phase II and III costs include an inflation factor of 10% per year based on Phase I prices.

D

AZUSS
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 FAX (602) 923-9142

April 19, 2001

Mr. Jim Lee
Mr. Harry Redmond
Madison Diversified
115-988 Beach Ave.
Vancouver, British Columbia
V6Z-2N9

RE: Sewer Assessment Fee \$183,467.00
271 Lot subdivision so. Of Ocotillo Rd. & Vineyard
Pinal County, Arizona

Dear Mr. Lee, Mr. Redmond:

In accordance with our conversations in reference to the sewer assessment fee to be paid to Arizona Utility Supply & Services, LLC, it is mutually agreed that Madison Diversified will place the amount of \$183,467.00 in escrow to be disbursed to American Fiberglass and Arizona Utility Supply & Services, LLC on the following amounts and schedule:

May 1, 2001	Arizona Utility Supply & Services, LLC	\$31,717.00
May 1, 2001	American Fiberglass	\$35,437.50
June 1, 2001	American Fiberglass	\$35,437.50
July 1, 2001	American Fiberglass	\$35,437.50
Aug. 1, 2001	American fiberglass	\$35,437.50
Aug. 1, 2001	Arizona Utility Supply & Services, LLC	\$10,000.00
Total		<u>\$183,467.00</u>

Payment to American Fiberglass shall be made upon receipt of invoice from American Fiberglass with a notarized certification of work and product completed by American fiberglass.

The amount of \$183,467.00 in certified funds shall be placed in escrow and disbursed by:

Arizona Escrows (Attention: Don Graham, Pres.)
3700 N. 24th Street, Ste. 130
Phoenix, AZ 85016
(602) 956-2629

Funds shall be placed in an interest bearing account with the interest to pay for administrative and disbursement cost. Any surpluses and/or deficiencies shall be paid to or by Madison Diversified. Arizona Utility Supply & Services, LLC shall net the amount of \$183,467.00 regardless of any other cost as required by Madison Diversified.

Agreed to:

Agreed to:

Date
For Madison Diversified

Date
For Arizona Utility Supply & Services, LLC

Accepted:

Date
For American fiberglass

Arizona Utility Supply & Services, LLC

3420 E. Shea Blvd., Ste. 213 Phoenix, Arizona 85050

(602) 953- 5128 (602) 569-3190

Fax (602) 569-3536

INVOICE

March 1, 2001

Invoice No. 010301

Mr. Harry Redmond
Mr. Jim Lee

Madison diversified
115-988 Beach Ave.
Vancouver British Columbia
V6Z-2N9

Sewer Connection Assessment fee due for 271 lots @ \$677 per lot.....\$183,467
Assessment fee for 271 lot subdivision at the S.E. corner of Octillo Rd.
& Kenworthy Rd., Pinal County, Arizona
the S.E. corner of

Arizona Utility Supply & Services, LLC

3420 E. Shea Blvd., Ste. 213 Phoenix, Arizona 85050

(602) 953-5128 (602) 569-3190

Fax (602) 569-3536

March 1, 2001

Mr. Jim Lee
Mr. Harry Redman
Madison Diversified
115-988 Beach Ave.
Vancouver, British Columbia
V6Z-2N9

**RE: Sewer Connection fee for Subdivision at S.E. Cor.
Ocotillo Rd. & Kenworthy, Pinal County, Arizona**

Dear Mr. Lee, Mr. Redmond

I have enclosed for your review, the franchise for sewer as granted to us by Pinal County, Arizona. Also attached are the exhibits showing your property and also other property that we are in the process of franchising.

Since my last letter of Feb. 15, 2001, we have assigned everything into Arizona Utility Supply & Services, LLC (AUSS) which is building the treatment plant and will also own the entire treatment and collection system. Per previous letters and conversations, the assessment for your subdivision will be \$677 per lot which also includes any hook up charges. At the present time the initial rates for each home owner shall be no more than \$30 per lot per residence. I have also included an invoice for the \$183,467 which is due and payable at this time.

Please call should you have any questions.

Very truly yours,
ARIZONA UTILITY SUPPLY & SERVICES, LLC

Maurice Lee
Member/Manager

Encl.

Sunbelt Sanitation Group, LLC

P.O. Box 30543 Phx., AZ 85046-0543
(602) 569-3190 FAX (602) 569-3536

Feb. 15, 2001

Mr. Harry Redmond
Madison Diversified
115-983 Beach Ave.
Vancouver, British Columbia
V6Z-2N9

Faxed to: (604) 533-6941 2/15/01
and (604) 685-2533

**RE: Sewer Connection Fees for Subdivision at SE Cor.
Ocotillo & Kenworthy, Pinal County, Arizona**

Dear Mr. Redmond:

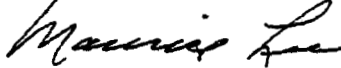
Pursuant to our previous conversations and letters, enclosed herewith is a summary of the sewer assessment fee for the above captioned subdivision base on your preliminary plat of 271 lots. The amount of \$183,467 is due and payable at this time. Construction of the treatment has already begun.

271 Lots @ \$677 per Lot		\$183,467
Upsize 8" Sewer to 10"	\$ 3,850	
Upsize 4" force Main to 6"	\$ 4,188	
Upsize Lift Station Pumps	\$ 5,000	
	<hr/>	
(Already Paid)	\$13,038	\$ 13,038
		<hr/>
		\$196,505

\$196,505 ~~Divided~~ By 271 Lots = \$726 Per Lot

Please call should you have any questions

Very truly yours,
SUNBELT SANITATION GROUP, LLC


Maurice Lee
Member/Manager

cc: Jim Lee

Sunbelt Sanitation Group, LLC

4002 E. Taro Ln., Phx, AZ
P.O. Box 30543 Phoenix, Arizona 85046-0543
(602) 569-3190 Fax (602) 569-3536

July 31, 2000

Mr. Harry Redman
Madison Diversified Corporation
115-983 Beach Ave.
Bancouver, British Columbia
V6Z-2N9

**RE: Sewer Service - Proposed Subdivision at Ocotillo Rd. & Kenworthy,
Pinal County**

Dear Mr. Redman:

As a follow up from our letter of July 5, 2000, this will confirm in more detail that we will furnish sewer service for the above captioned site adjacent to and east of Cambria Homes Subdivision located east of the golf course at the south east corner of Ocotillo Rd. & Vineyard (Ironwood) Pinal County, AZ providing that Madison Diversified Corporation or assignee agrees to pay Sunbelt Utility Group on the following basis:

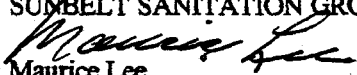
Description	Amount	Date Due
1. Up size 1,604 L.F. 8" Sewer to 10" Sewer @ \$2.40/L.F.	\$ 3,850	9/1/00
2. Up size 2,094 6" Force Main to 10" @ \$ 2.00/L.F.	\$ 4,188	9/1/00
3. Up size Lift Station Pumps from 7 1/2 H.P. to 10 H.P.	\$ 5,000	9/1/00
4. Sewer Assessment & Connection Fee @ \$677/Lot	\$187,529	1/2/01

Funds for Items No. 1 thru 3 (\$13,058) shall be deposited into an escrow account on or before September 1, 2000 to the satisfaction of Sunbelt Sanitation Group and shall be released to Sunbelt upon 100% completion of the construction of the lift station to be constructed in accordance with the sewer plans for Cambria Homes.

Funds for Item No. 4 (\$187,529) shall be deposited into an escrow account on or before January 1, 2001 to the satisfaction of Sunbelt Sanitation Group and shall be released to Sunbelt upon a percentage of completion on a monthly basis as construction begins for the new sewer treatment facility to be built in the south west corner of the Cambria Home subdivision. As construction of the treatment plant begins, 20% of Item No. 4 (\$37,505.80) shall be released to Sunbelt and then after the percent of completion shall be released to Sunbelt

All percentage of completion for funding shall be inspected and approved by Sunbelts' engineer and Madisons' engineer on an approved form to be forwarded to the escrow company directing them to disburse the progress payments to Sunbelt Sanitation Group.

Sunbelt agrees to keep Madison or their assigns updated as to the progress of the approval of engineering drawings and shall also give Madison a monthly updated as to the scheduling of construction of the lift station and treatment plant.

Very truly yours,
SUNBELT SANITATION GROUP, LLC

Maurice Lee
Manager

Approved and Accepted:

Date: _____



Jane Dee Hull
Governor

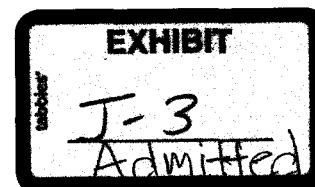
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

3033 North Central Avenue • Phoenix, Arizona 85012-2809
(602) 207-2300 • www.adeq.state.az.us



Jacqueline E. Schafer
Director

August 10, 2001



Mr. Maurice Lee, Manager
Arizona Utility Supply & Services, LLC
4545 East Shea Blvd., Suite 164
Phoenix, Arizona 85028

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

RE: Cambria Sewage Treatment Facility, Place ID No. 15249, Pinal County

Dear Mr. Lee:

On August 8, 2001, Mr. Nabil K. Anouti of the Water Quality Enforcement Unit ("WQEU") of the Arizona Department of Environmental Quality ("ADEQ") met with you on site and conducted a joint inspection of the referenced facility. The inspection revealed that construction of the Cambria Sewage Treatment Facility ("STF") with a designed capacity of 500,000 gallons per day is currently underway and is approximately 60% complete.

Please be advised that the construction of the Cambria STF is a violation of the Arizona Administrative Code ("A.A.C.") R18-5-303. The referenced rule requires conformance with the Certified Areawide Water Quality Management (208) Plan and the Facility Plan before construction of any sewage treatment facility can begin. ADEQ records indicate that the Cambria STF is not in conformance with the existing 208 Plan and the requested modification of the 208 has not been approved.

In addition, operation of the Cambria STF (a categorical discharging facility pursuant to A.R.S. § 49-241.B.10) without an aquifer protection permit ("APP") would be a violation of A.R.S. § 49-241.B. and subject to the enforcement actions established under A.R.S. Title 49, Chapter 2, Article 4. Pursuant to A.A.C. R18-9-B201.H., an APP cannot be issued for a sewage treatment facility that is not in conformance with the Certified Areawide Water Quality Management Plan and the Facility Plan.

Therefore, the Arizona Utility Supply & Services, LLC is advised to take appropriate steps to correct these violations of the State's environmental laws and rules by ceasing further construction of the Cambria STF pending modification of and conformance with the 208 Plan.

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(520) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Printed on recycled paper

Arizona Utility Supply & Services, LLC
August 10, 2001

Page 2

If you have any questions regarding this subject, or if you wish to meet to further discuss this matter, please contact me at (602) 207-4614.

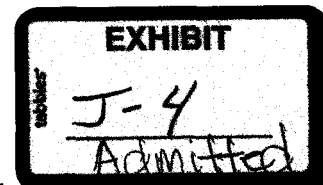
Sincerely,

M. Reza Azizi

M. Reza Azizi, Manager
Water Quality Enforcement Unit

cc: Karen Smith, Director, WQD, ADEQ
Michele Robertson, Manager, WPS, ADEQ
Mike Traubert, Manager, WQCS, ADEQ
Nabil Anouti, EES, WQEU, ADEQ
Edwina Vogan, EPS, WMU, ADEQ
Reg Glos, Pinal County Department of Public Health

Ref#EU01-0316



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION - WATER QUALITY COMPLIANCE SECTION
Water Quality Enforcement Unit

SUMMARY OF INSPECTION - WASTEWATER

FACILITY: The Links Estates WWTP

WW System No.: N/A

Aquifer Protection Permit (APP) No.: P102976

NPDES Permit No.: N/A

Reuse Permit No.: N/A

GWQPP Permit No. N/A

Inspected by: Patrick Finton, Environ Engr Spec

Inspection Date: February 18, 1999

Accompanied by: Maurice Lee, Operator
Murray Sharkey, ADEQ

Report Date: March 31, 1999

YES NO N/A UNKNOWN

1. Effluent quality meets the following permit requirements:
 - A. Aquifer Protection Permit
 - B. Reuse Permit
 - C. NPDES Permit
2. A certified operator is employed by the owner as by ADEQ regulations.
3. This system meets ADEQ requirements for operation and maintenance.

X			
		X	
		X	
X			
X			

FACILITY DESCRIPTION

The WWTP is a Santec system that utilizes denitrification and UV disinfection. The plant is located near the corner of Ocotillo and Vineyard in Queen Creek, Arizona and south of The Links Estates Mobile Home Park. The plant was permitted for 2 process trains with a total flow of 75,000 gallons per day. Currently only one train has been built and it is treating 3,000 gallons per day. The WWTP consists of a screen/equalization tank, aeration tanks, denitrification/clarifier tank, filter storage tank, sand filter, disinfection chamber and waste sludge tank. Nearly all of the equipment is buried below ground with the inspection caps, blowers, sand filter and UV station above ground.

A solid block wall has been constructed around the WWTP since the last inspection. The plant is now capable of being secured.

SUMMARY OF FIELD OBSERVATIONS

A good solid block wall has been constructed around the plant. This will remove the possibility of someone driving over the tanks and breaking through.

Overall the plant was neat and clean and was in a better operating condition than at the last inspection.

The plant has experienced a failure problem with the original rubber air line couplers. The plant is in the process of changing to rubber hose secured with hose clamps.

ADEQ did not have the 3rd Quarter 1998 SMRF reports at the time of the inspection. Maurice Lee has submitted a second copy of the 3rd quarter results, along with the 4th quarter results, to ADEQ.

The effluent storage pond needs to be resigned to warn people that the pond contains effluent.

The APP permit that was issued to The Links Estates WWTP states:

All of the effluent will be transported from the effluent holding pond near the WWTP to golf course lakes for reuse or directly from the effluent holding pond for reuse under the authority of a reuse permit issued by ADEQ.

The Links Estates WWTP has failed to submit an application for a reuse permit. Without the Reuse Permit they can not discharge to the golf course, and by not being able to discharge to the golf course they are in violation of the APP permit which has been issued to them. The Approval to Construct (ATC) and the Approval of Construction (AOC) for the facility state that the effluent holding pond is unlined, which will result in a groundwater discharge. The Links needs to either modify their APP permit to include percolation from the holding pond, or obtain a reuse permit.

COMPLIANCE SUMMARY

1. **Construction Requirements.** A solid block wall with lockable gate has been constructed around the WWTP. The WWTP is now in compliance with the ATC. **Rating: Compliance.**
2. **Monitoring and Reporting Requirements.** ADEQ did not have 3rd Quarter 1998 sampling results at the time of the inspection. Maurice Lee submitted a copy of the results. **Rating: Compliance.**
3. **Operator Certification Requirements.** The facility has a Grade 2 operator as required. **Rating: Compliance.**
4. **Operation & Maintenance (O&M) Requirements.** The facility is being properly operated and maintained. **Rating: Compliance.**

REQUIRED CORRECTIVE ACTION(S)

1. Resign the effluent holding pond.
2. The facility needs to resolve the effluent disposal inconsistency. The can be accomplished by:
 - A. Obtaining a reuse permit for the facility,
 - B. Modifying the existing APP permit,
 - C. Request a Determination of Applicability which may result in a general permit for the facility, or
 - D. Some other method of compliance.


Please contact David McNeil in the Water Permits Section to resolve the APP effluent disposal inconsistency. His address is:

David McNeil
Water Permits Section
Arizona Department of Environmental Quality
3033 N. Central Ave
Phoenix, Arizona 85012

(602) 207-4743

TOWNSHIP 3 SOUTH
TOWNSHIP 4 SOUTH

TOWNSHIP 3 SOUTH
TOWNSHIP 4 SOUTH



The WLB Group
333 East Osborn Road Suite 300
Las Vegas
Offices located in Tucson Phoenix
Phoenix Arizona 85012
Engineering • Planning • Surveying
Landscape Architecture • Urban Design

TOWNSHIP 2 SOUTH
TOWNSHIP 3 SOUTH

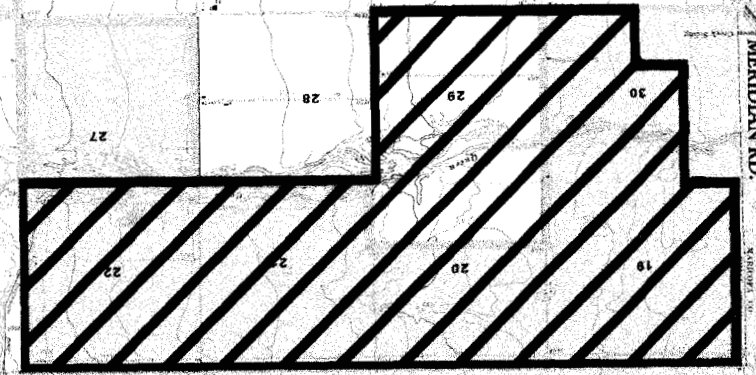
TOWNSHIP 2 SOUTH
TOWNSHIP 3 SOUTH



AUSS APPLICATION



JOHNSON UTILITIES
EXTENSION APPLICATION

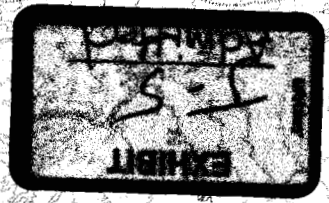


RANGE 7 EAST
RANGE 8 EAST

RANGE 8 EAST
RANGE 9 EAST

RANGE 7 EAST
RANGE 8 EAST

RANGE 8 EAST
RANGE 9 EAST



TOWNSHIP 3 SOUTH
TOWNSHIP 4 SOUTH

SANTIAN
MOUNTAINS

TOWNSHIP 3 SOUTH
TOWNSHIP 4 SOUTH

WLB
The Group

Offices located in Tucson, Phoenix
333 East Ocotillo Road Suite 380
Las Vegas
Phoenix, Arizona 85012

Engineering • Planning • Surveying
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TOWNSHIP 2 SOUTH
TOWNSHIP 3 SOUTH

NORTH

JOHNSON UTILITIES
EXTENSION APPLICATION

LIFT STATION

FORCE MAIN LINES

FLOW LINES

NORMAL GRAVITY

RANGE 7 EAST
RANGE 8 EAST

RANGE 8 EAST
RANGE 9 EAST

RANGE 8 EAST
RANGE 9 EAST

RANGE 7 EAST
RANGE 8 EAST

ARIZONA FARMS ROAD

MAGMA ROAD

FELIX RD.

COOPER ROAD

BELLA VISTA ROAD

ROBERTS RD.

HUNT HIGHWAY

MERIDIAN RD.

VINEYARD RD.

COMBS RD.

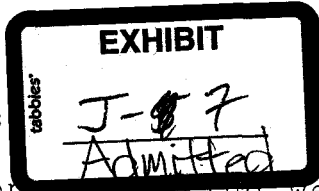
EMPIRE RD.

TOWNSHIP 2 SOUTH
TOWNSHIP 3 SOUTH

EXHIBIT
I-6
Admitted

EXHIBIT

228



1 A. It gives an indication, yes

2 Q. And there are three additional existing wells
3 that are listed as potential well sites in the Home
4 place; is that right?

5 A. That's right.

6 Q. Have you done any evaluation as to it?

7 A. We've taken nitrate samples on all of those
8 wells. No, we've taken the nitrate samples on all of
9 them and it is potable.

10 Q. Would all three of these, in your opinion, be
11 potentially convertible?

12 A. Potentially convertible, yes.

13 Q. You talked about, in your settlement with
14 Johnson, that you decided to use this railroad as a
15 dividing line, not that you had to, but that it made
16 sense because it was some sort of a boundary; is that
17 correct?

18 A. Yes.

19 Q. And there is also a boundary that runs
20 underneath Chandler Heights Road that's natural,
21 that's called the Queen Creek Wash; isn't that
22 correct?

23 A. I wouldn't call it a boundary. It's a wash
24 and very easy to cross.

25 Q. How many times have you crossed it so far?

1 A. One time.

2 Q. And that would appear that it's on Ironwood
3 or Vineyard Road; is that correct?

4 A. That's correct.

5 Q. When did you make that crossing?

6 A. That crossing was made about, it was -- the
7 crossing was made I believe in January or February.
8 It was made in January.

9 Q. Do you recall --

10 A. Actually, it was made between Christmas and
11 New Year's.

12 Q. Of 2000?

13 A. 2000.

14 Q. Do you recall what the cost was?

15 A. Yes.

16 Q. What was it?

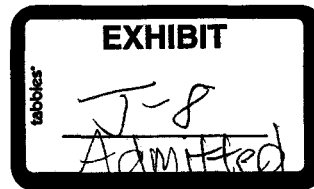
17 A. 30,000.

18 Q. And again, if you weren't required to serve
19 the Home Place and Ware Farms, you wouldn't have to
20 cross Queen Creek along Schnepf Road, would you?

21 A. It wouldn't be required, no.

22 MR. SULLIVAN: I'd like to have this marked
23 as D-3.

24 Q. (BY MR. SULLIVAN) I presented you what has
25 been marked for identification as Exhibit D-3. Is it



RECEIVED

2002 APR 10 A 11:52

AZ CORP COMMISSION
DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman

JIM IRVIN
Commissioner

MARC SPITZER
Commissioner

IN THE MATTER OF THE APPLICATION
OF JOHNSON UTILITIES, L.L.C. DBA
JOHNSON UTILITIES COMPANY FOR AN
EXTENSION FOR ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
PROVIDE WASTEWATER SERVICE
TO THE PUBLIC IN THE DESCRIBED
AREA IN PINAL AND MARICOPA
COUNTIES, ARIZONA

Docket No: _____

APPLICATION

Johnson Utilities, L.L.C. dba Johnson Utilities Company ("Johnson Utilities")
applies for an Order approving the extension of its Certificate of Convenience and
Necessity ("CC&N") to provide wastewater service to include all of the certificated water
service area of H2O, Inc. ("H2O") and certain portions of the certificated water service
area of Queen Creek Water Company ("Queen Creek"). H2O and Queen Creek support
this extension so that residents in their water service area will have quality sewer service
as well as quality water service. Both are necessary for this rapidly growing area. Pinal
County also supports this extension, as it will encourage beneficial growth and
development in the requested area.

1 The specifics of this Application are as follows:

2 1. Johnson Utilities is an Arizona limited liability company that provides water
3 and wastewater service to both residential and commercial customers in Pinal County,
4 Arizona. Johnson Utilities first received its CC&N on May 27, 1997, in Decision No.
5 60223. Since that time, the CC&N has been expanded and Staff is currently
6 recommending an extension of Johnson Utilities' wastewater service into areas that are
7 contiguous to, or in the vicinity of, the extension requested in this Application, including
8 certain sections within the southern portion of H2O's certificated water service area. The
9 customers in the requested area will receive service pursuant to the rates and terms in
10 Johnson Utilities' Commission-approved tariffs.
11

12 2. The extension sought in this Application includes areas in which H2O and
13 Queen Creek currently provide water service. Specifically, Johnson Utilities requests an
14 extension of its CC&N to include all of H2O's CC&N area (to the extent that area is not
15 already served by an authorized wastewater provider) and the following portions of Queen
16 Creek's CC&N area: Sections 34, 35, 36, the southern half of Sections 26 and 27, and the
17 southern three-quarters of Section 25, Township 2 South, Range 7 East in Maricopa
18 County; and Section 30 (the western one-third south of the Queen Creek Wash), Township
19 2 South, Range 8 East in Pinal County. Attached as **Exhibit 1** is a legal description of the
20 land requested to be included in the extended service area of Johnson Utilities.
21

22 3. Johnson Utilities' business address is 5230 East Shea Boulevard, Scottsdale,
23 Arizona 85254. The name of the management contact for Johnson Utilities is Mr. George
24
25
26

1 Johnson. His address is 5230 East Shea Boulevard, Scottsdale, Arizona 85254. His
2 telephone number and facsimile number are 480/998-3300 and 480/483-7908 (facsimile).

3 4. The operator certified by the Arizona Department of Environmental Quality
4 is Mr. Jerry Beeler. His address and telephone number are as follows:
5

6 Jerry Beeler
7 c/o Johnson Utilities, L.L.C.
8 5230 East Shea Boulevard
9 Scottsdale, AZ 85254
480/998-3300

10 5. The name, address, and telephone number of Johnson Utilities' attorneys
11 responsible for this application are:
12

13 Thomas H. Campbell
14 Michael T. Hallam
15 Lewis and Roca LLP
16 40 N. Central Avenue
Phoenix, Arizona 85004
602/262-5723

17 6. Attached as **Exhibit 2** is a copy of Johnson Utilities' Certificate of Good
18 Standing.
19

20 7. Attached as **Exhibit 3** are detailed maps, using the form prescribed by the
21 Arizona Corporation Commission, showing the land requested to be included in the
22 extended wastewater service area of Johnson Utilities.

23 8. Attached as **Exhibit 4** is a copy of the most recent Sewer Utility Annual
24 Report filed by Johnson Utilities with the Arizona Corporation Commission containing a
25
26

1 balance sheet and an income and expense statement for the year ending December 31,
2 1999.

3 9. Johnson Utilities anticipates serving the following number of customers, by
4 class, in the new area in each of the next five years:

	Residential	Commercial	Industrial
7 Year One	<u>1196</u>	<u>2</u>	<u>0</u>
8 Year Two	<u>2046</u>	<u>4</u>	<u>0</u>
10 Year Three	<u>3373</u>	<u>6</u>	<u>0</u>
11 Year Four	<u>5260</u>	<u>12</u>	<u>0</u>
12 Year Five	<u>7166</u>	<u>22</u>	<u>2</u>

13 10. Johnson Utilities anticipates the following estimated annual operating
14 revenues attributable to the new area for each of the next five years:

16 Year One	<u>\$553,476</u>
17 Year Two	<u>\$947,100</u>
18 Year Three	<u>\$1,561,098</u>
20 Year Four	<u>\$2,435,664</u>
21 Year Five	<u>\$3,321,780</u>

22 11. Johnson Utilities anticipates the following estimated annual operating
23 expenses attributable to the new area for each of the next five years:

25 Year One	<u>\$498,128</u>
26 Year Two	<u>\$852,390</u>

1 Year Three \$1,404,988
2 Year Four \$2,192,097
3 Year Five \$2,989,602
4

5 12. Johnson Utilities estimates that the total cost to construct utility facilities to
6 serve customers in the requested area to be: To Be Determined.

7 13. Johnson Utilities expects to pay for the construction of the facilities needed
8 to serve customers in the requested area as follows: Through Commission approved hook-
9 up fees and line extension agreements pursuant to Arizona Corporation Commission rules
10 and regulations and subsequent financing applications filed with the Arizona Corporation
11 Commission pursuant to A.R.S. § 40.301 and § 40.302.
12

13 14. Johnson Utilities anticipates the following starting and completion dates for
14 the facilities needed to serve customers in the requested area as follows:
15

16 Starting Date:

Completion Date:

17 Third Quarter 2001

To Be Determined

18 15. Certain areas of the requested area are covered by Johnson Utilities' existing
19 franchise granted in Pinal County. For the remaining areas, Johnson Utilities will apply
20 for an extension of its Pinal County franchise, for a franchise with Maricopa County, and
21 for any necessary approvals from the Town of Queen Creek.
22

23 16. Johnson Utilities will obtain the necessary approvals from the Arizona
24 Department of Environmental Quality.
25
26

17. Johnson Utilities will provide Notice of this Application as required by the Commission in the form set forth in **Exhibit 5**. Johnson Utilities will publish notice in a newspaper of general circulation in Pinal and Maricopa Counties.

18. Johnson Utilities maintains that the extension of its CC&N to provide wastewater service in the requested area is in the public interest. As set forth above, this extension is supported by H2O, Queen Creek, and Pinal County and will benefit the requested area by fostering beneficial growth and development. Accordingly, Johnson Utilities requests that the Commission grant this Application.

Respectfully submitted this 10th day of April, 2001.

LEWIS AND ROCA LLP



Thomas H. Campbell
Michael T. Hallam
40 N. Central Avenue
Phoenix, Arizona 85004
Attorneys for Johnson Utilities Company

Original and ten (10) copies of
the foregoing hand-delivered
this 10th day of April, 2001, to:

The Arizona Corporation Commission
Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered
this 10th day of April, 2001, to:

Arizona Corporation Commission
Hearing Division
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
Legal Division
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007

Jim Fisher
Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007

Jaime Williams

Exhibit 1

**Johnson Utilities Company
CC&N Expansion**

Property located in Sections 13, 24, 25, 26, 27, 34, 35, and 36, Township 2 South, Range 7 East, G. & S.R.M., Maricopa County, Arizona, being more particularly described as follows:

All of Section 13,
All of Section 24,
All of Section 25,
All of Section 26,
The South half of Section 27,
All of Section 34,
All of Section 35,
And
All of Section 36;
All in Township 2 South, Range 7 East, G. & S.R.M., Maricopa County, Arizona

Property located in Sections 7, 8, 9, 16, 17, 18, 19, 20, 21, 22, and 30, Township 2 South, Range 8 East, G. & S.R.M., Pinal County, Arizona, being more particularly described as follows:

All of Section 7,
All of Section 8,
The East half of Section 9,
All of Section 16,
All of Section 17,
All of Section 18,
All of Section 19,
The North half of Section 20,
All of Section 21,
All of Section 22,
And
All of Section 30;
All in Township 2 South, Range 8 East, G. & S.R.M., Pinal County, Arizona

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****JOHNSON UTILITIES, L.L.C.*****

is a limited liability company organized under the laws of the State of Arizona which filed its Articles of Organization in this office on the 5th day of June 1997.

*IN WITNESS WHEREOF, I have hereunto
set my hand and affixed the official seal
of the Arizona Corporation Commission.
Done at Phoenix, the Capitol, this
19th day of October, 2000, A. D.*



[Signature]
Executive Secretary

BY: *Alma Castillo*

EXHIBIT 3

MARICOPA	13, 24, 25, 26, 27, 34, 35, 36	2 SOUTH	7 EAST
COUNTY	SECTION	TOWNSHIP	RANGE

[illegible]

Type or Print Description Here:

All of Sections 13, 24, 25, 26; south 1/2 of Sec. 27; All of Sections 34, 35, and 36.
All in Township 2 South, Range 7 East, G. & S.R.M., Maricopa County, Arizona

EXHIBIT 3

PINAL	7, 8, 9, 16, 17, 18, 19, 20, 21, 22, 30	2 SOUTH	8 EAST
COUNTY	SECTION	TOWNSHIP	RANGE

[illegible]

Type or Print Description Here:

All of Sections 7 and 8; East 1/2 of Sec. 9; All of Sections 16, 17, 18, and 19;
North 1/2 of Sec. 20; All of Sections 21, 22, and 30. All in Township 2 South,
Range 8 East, G. & S.R.M., Pinal County, Arizona

UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

SEWER UTILITY ANNUAL REPORT

(If mailing label above is missing, please complete the lines below. If mailing label above is incorrect, please draw line through incorrect information, and state corrected information below.)

COMPANY NAME (DBA NAME)

JOHNSON UTILITIES, LLC

MAILING ADDRESS (ST. OR P.O. BOX)

5320 E. SHEA BLVD.

CITY, STATE, ZIP

SCOTTSDALE, AZ 85254

FOR YEAR ENDING

12	31	99
----	----	----

MONTH

DAY

YEAR

ANNUAL REPORT DUE APRIL 15, 2000

TO

UTILITIES DIVISION - ANNUAL REPORTS SECTION

ARIZONA CORPORATION COMMISSION

1200 WEST WASHINGTON - SUITE 206

PHOENIX, ARIZONA 85007

Note: This report is to be used only for Sewer Utilities that have total annual Sewer Revenues of less than \$250,000.

Company Name JOHNS UTILITIES, LLC Year Ending DECEMBER 31, 1999

Name of Certificate Holder JOHNSON UTILITIES, LLC

Date of Original CC&N* 5/27/1997

Company Name (dba name), if different from above _____

Local Office Mailing Address 5320 E. SHEA BLVD.
(Street or P.O. Box)

SCOTTSDALE, AZ 85254
(City) (State) (Zip)

Physical Address (if different from above) _____
(Street)

(City) (State) (Zip)

Local Office Tel. No. (602) 998-3300 After Hrs./Emerg.No. _____
(Include Area Code/Ext.) (Include Area Code/Ext.)

Local Office Fax No. _____ Pager No. _____
(Include Area Code/Ext.) (Include Area Code/Ext.)

Is Utility in Operation at this Time? ☒ X Yes ☐ No

If no, Please explain: _____

Last Rate Increase Effective Date _____
(Month) (Day) (Year)

UTILITY COMPANY OWNERSHIP:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input checked="" type="checkbox"/> Limited Liability Company (L)
<input type="checkbox"/> Other (X) _____	

IF UTILITY COMPANY IS A SUBSIDIARY OF A PARENT COMPANY

☐ Owned by: ☐ Controlled by:

Name of Parent Company _____

Acquisition Date _____
(MM) (DD) (YY)

IF UTILITY COMPANY IS INCORPORATED - DATE INCORPORATED

(MM) (DD) (YY)

State in Which Incorporated: ☐ Arizona Other _____
(Please Specify)

*NOTE: CC&N denotes Certificate of Convenience and Necessity

COMPANY NAME JOHNSON UTILITIES, INC. YEAR ENDING DECEMBER 31, 1999

If incorporated and articles of incorporation have been amended during the report year, please fill in the following information: Date and Place Amended

(Month) (Day) (Year) (City) (State)

Reason: _____

COUNTIES SERVED BY UTILITY COMPANY:

<input type="checkbox"/> Apache	<input type="checkbox"/> Cochise	<input type="checkbox"/> Coconino
<input type="checkbox"/> Gila	<input type="checkbox"/> Graham	<input type="checkbox"/> Greenlee
<input type="checkbox"/> La Paz	<input type="checkbox"/> Maricopa	<input type="checkbox"/> Mohave
<input type="checkbox"/> Navajo	<input type="checkbox"/> Pima	<input checked="" type="checkbox"/> Pinal
<input type="checkbox"/> Santa Cruz	<input type="checkbox"/> Yavapai	<input type="checkbox"/> Yuma
<input type="checkbox"/> Other		

LOCALITIES SERVED (INCORPORATED OR UNINCORPORATED): SOUTHEAST OF QUEEN CREEK, AZ

(Places, Towns or Municipalities)

Management Contact

GEORGE H. JOHNSON	5320 E. SHEA BLVD	SCOTTSDALE
(Name)	(Street)	(City)
AZ	85254	(602) 998-3300
(State)	(Zip)	(Tel. No. Include Area Code/Ext.)
(Fax No. Include Area Code)		(Pager No. Include Area Code)

On-Site Manager

SAME AS ABOVE		
(Name)	(Street)	(City)
(State)	(Zip)	(Tel. No. Include Area Code/Ext.)
(Fax No. Include Area Code)		(Pager No. Include Area Code)

Statutory Agent

RICHARD L. SALLQUIST	2525 E. AZ BILTMORE CIR #117	PHOENIX
(Name)	(Street)	(City)
AZ	85016	(602) 224-9222
(State)	(Zip)	(Tel. No. Include Area Code/Ext.)

Attorney

SAME AS ABOVE		
(Name)	(Street)	(City)
(State)	(Zip)	(Tel. No. Include Area Code/Ext.)

COMPANY NAME JOHNSON UTILITIES YEAR ENDING DECEMBER 31, 1999

OWNER'S

SOLE OWNER:			NAME, ADDRESS, AND PHONE NUMBER (INCLUDING AREA CODE)		
PARTNERSHIP:			EACH PARTNER'S NAME, ADDRESS, PHONE NUMBER (INCLUDE AREA CODE), AND AMOUNT OF EQUITY		
CORPORATION:			THREE LARGEST STOCKHOLDERS NAMES, ADDRESSES, PHONE NUMBER, AND NUMBER OF SHARES HELD		
TYPE (MARK "X")			NAME AND ADDRESS	PHONE NUMBER (INCLUDING AREA CODE)	AMOUNT OF EQUITY OR NUMBER OF SHARES
OWN- ER	PART- NER	SHARE HOLDER			
	X		GEORGE H. JOHNSON 5230 E. SHEA BLVD SCOTTSDALE, AZ 85254	(602) 998-3300	50%
	X		JANA S. JOHNSON 5230 E. SHEA BLVD SCOTTSDALE, AZ 85254	(602) 998-3300	50%

DIRECTORS (IF CORPORATION)

NAME AND ADDRESS	PHONE NUMBER (INCLUDING AREA CODE)	TERM EXPIRATION			NUMBER OF SHARES HELD
		DATE MONTH DAY YEAR			

PRINCIPAL OFFICERS (IF CORPORATION)

TYPE (MARK "X")					NAME AND ADDRESS (INCLUDING AREA CODE)	PHONE NUMBER (INCLUDING AREA CODE)	DATE ENTERING OFFICE		
RES.	V.P.	SEC.	TREAS.	OTHER			MONTH	DAY	YEAR
					(IF OFFICER TYPE IS "OTHER" SPECIFY BELOW NEXT TO NAME)				

COMPANY NAME JOHNSON UTILITIES, LLCYEAR ENDING DECEMBER 31, 1999

UTILITY PLANT IN SERVICE

CCT. NO.		ORIGINAL COST (1)	ACCUMULATED DEPRECIATION (2)	O.C.L.D. (1) - (2)
351	ORGANIZATION			-
352	FRANCHISES			-
353	LAND AND LAND RIGHTS	875,000		875,000
354	STRUCTURES AND IMPROVEMENTS	196,548	4,914	191,634
360	COLLECTING SEWERS & STRUCTURES/FORCE MAINS	3,771,466	94,287	3,677,179
363	SERVICES TO CUSTOMERS	25,752	644	25,108
364	FLOW MEASURING DEVICES/INSTALLATIONS	7,009	175	6,834
370	RECEIVING WELLS			-
371	PUMPING EQUIPMENT	11,660	291	11,369
380	TREATMENT AND DISPOSAL EQUIPMENT			-
381	PLANT SEWERS			-
382	OUTFALL SEWER LINES			-
389	OTHER PLANT & MISCELLANEOUS EQUIPMENT			-
390	OFFICE FURNITURE AND FIXTURES			-
391	TRANSPORTATION EQUIPMENT			-
393	TOOLS AND WORK EQUIPMENT			-
394	LABORATORY EQUIPMENT			-
395	POWER OPERATED EQUIPMENT			-
396	COMMUNICATIONS EQUIPMENT			-
397	MISCELLANEOUS EQUIPMENT			-
398	OTHER TANGIBLE PLANT			-
TOTAL SEWER PLANT		4,887,435	100,311	4,787,124

Company Name JOHNSON UTILITIES, LLC

Year Ending

DECEMBER 31, 1999

SEWER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT
EXTENDED AERATION, STEP AERATION, OXIDATION
TANK, AEROBIC LAGOON, ANAEROBIC LAGOON,
TRICKLING FILTER, SEPTIC TANK, ETC.)EXTENDED AERATION (MARWOOD PLANT)
AEROBIC LAGOONS (MAGIC RANCH)

DESIGN CAPACITY OF PLANT (GALLONS PER DAY)

500,000GPD (MAIN); 20,000GPD(MARWOOD)

LIFT STATION FACILITIES

LOCATION	QUANTITY OF PUMPS (HOW MANY)	HORSEPOWER PER PUMP	CAPACITY PER PUMP (GPM)	WET WELL CAPACITY (GALLONS)
MAIN PUMP STATION, SW CORNER OF WATER PLANT #1	2	30	325	7500
LIFT #1 PUMP - BELLA VISTA 1/2 MILE EAST OF HUNT HWY	2	5	400	380

COLLECTION MAINS

SIZE	MATERIAL	LENGTH (FEET)
4"		
6"		
8"	SDR 35 PVC	17282
10"		
12"	SDR 35 PVC	6536
15"	SDR 35 PVC	136
18"		
21"		
24"		
30"		

MANHOLES

TYPE	QUANTITY (HOW MANY)
STANDARD	84
DROP	

CLEANOUTS

QUANTITY (HOW MANY)
5

FORCE MAINS

SIZE	MATERIAL	LENGTH (FEET)
3"	C900	900
6"		
8"	C900	26722

Company Name JOHNSON UTILITIES, LLC

Year Ending

DECEMBER 31, 1999

**SEWER COMPANY PLANT DESCRIPTION
(CONTINUED)**

SERVICES		
SIZE	MATERIAL	QUANTITY (HOW MANY)
4"	SDR 35 PVC	555
6"		
8"		
12"		
15"		

DISINFECTION EQUIPMENT (CHLORINATOR, ULTRA-VIOLET, ETC.):

MARWOOD PLANT HAS LMI CHLORINE PUMP TO DISPENSE 12.5% LIQUICHLOR.

Filtration Equipment (RAPID SAND, SLOW SAND, ACTIVATED CARBON, ETC.):

MARWOOD PLANT HAS A SANDFILTER WITH CAPACITY OF 70 GPM.

STRUCTURES (BUILDINGS, FENCES, ETC.):

ALL FACILITIES HAVE 6' CHAIN LINK FENCE.

OTHER (LABORATORY EQUIPMENT, TOOLS, VEHICLES, STANDBY POWER GENERATORS, ETC.):

PORTABLE STANDBY GENERATORS (MARWOOD), FIXED STANDBY GENERATOR (WATER PLANT 1),

PICK-UP TRUCKS, 2 BACKHOES, 2 TRENCHERS, SHOVELS, RIGS.

ULLMANN
& COMPANY P.L.C.
Certified Public Accountants

To The Board of Directors of
The Sewer Division of Johnson Utilities, L.L.C.
Scottsdale, Arizona

We have compiled the balance sheet of The Sewer Division of Johnson Utilities, L.L.C. as of December 31, 1999 and 1998, and the related comparative statement of income and expenses for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

Ullmann & Company

ULLMANN & COMPANY, P.L.C.
Certified Public Accountants

July 25, 2000

COMPANY NAME

JOHNSON UTILITIES, LLC

YEAR ENDING

DECEMBER 31, 1999BALANCE SHEET

ASSETS		Balance	Balance
Acct. No.	Current and Accrued Assets	Beginning of Year	Ending of Year
131	Cash & Working Funds		
135	Temporary Investments		
141	Customer Accounts Receivables		8,496
151	Plant Materials & Supplies		
174	Other Current and Accrued Assets		
Total Current & Accrued Assets		-	8,496

		Balance	Balance
	Fixed Assets	Beginning of Year	Ending of Year
101	Utility Plant in Service		4,887,435
103	Property Held for Future Use	1,811,526	
105	Construction Work in Progress		
117	Other Fixed Assets		
108	Less: Accum. Deprec. & Amort.		100,311
Total Fixed Assets		1,811,526	4,787,124
TOTAL ASSETS		1,811,526	4,795,620

See Accountants' Compilation Report

BALANCE SHEET
(CONTINUED)

LIABILITIES		Balance Beginning of Year	Balance Ending of Year
<u>Acct. No.</u>	<u>Current and Accrued Liabilities</u>		

231	Accounts Payable		218,757
232	Notes Payable (Current Portion)		
235	Customer Security Deposits		
236	Accrued Taxes		328
237	Accrued Interest		
241	Other Current & Accrued Liabilities		
	TOTAL CURRENT & ACCRUED LIABILITIES	-	219,085

LONG TERM DEBT (Over 12 Months)

224	Long-Term Notes & Bonds		
-----	-------------------------	--	--

DEFERRED CREDITS

252	Advances in Aid of Construction	1,444,083	968,955
255	Accumulated Deferred I. T. C.		
271	Contributions in Aid of Construction	35,000	338,000
272	Less: Accum. Amort. Of Contrib.	1,750	11,075
282	Accumulated Deferred Income Tax*		
284	Other Deferred Credits		
	Total Deferred Credits	1,477,333	1,295,880
	TOTAL LIABILITIES	1,477,333	1,514,965

CAPITAL ACCOUNT

201	Common Stock		
211	Other Paid In Capital		
215	Retained Earnings*		
218	Proprietary Capital	334,193	3,280,655
219	Other Capital Accounts		
	Total Capital Accounts	334,193	3,280,655
	TOTAL LIABILITIES & CAPITAL	1,811,526	4,795,620

*NOTE: If negative, enclose in parentheses.

See Accountants' Compilation Report

COMPANY NAME JOHNSON UTILITIES, LLCYEAR ENDING DECEMBER 31, 1999**RESERVE FOR DEPRECIATION**

YEAR BEGINNING BALANCE (CREDIT):	-
ADD: AMOUNT CHARGED FOR DEPRECIATION EXPENSE:	100,311
OTHER CREDITS:*	
LESS: ORIGINAL COST OF PLANT RETIRED DURING YEAR:	
COST OF PLANT REMOVAL:	
OTHER DEBITS:*	
YEAR ENDING BALANCE:	100,311

* NOTE: SHOW DETAILS OF OTHER DEBITS OR CREDITS IN SPACE BELOW.

COMPARATIVE STATEMENT OF INCOME AND EXPENSES**Acct. No.****OPERATING REVENUES:****Prior Year****Current Year**

521	Flat Rate Revenues		\$ 11,769
522	Measured Revenues		
536	Other Operating Revenues		115,500
	Total Operating Revenues	\$ -	\$ 127,269

Acct. No.**OPERATING EXPENSES:****Prior Year****Current Year**

701	Salaries & Wages		
710	Purchased Sewage Treatment		
711	Sludge Removal Expense		148,509
715	Purchased Power for Pumping/Treatment		26,428
718	Sewage Treatment and Testing		240
720	Repairs & Maintenance		1,276
721	Office Supplies & Expense		
730	Outside Services		13,372
731	Rate Case Expense		
740	Rents		
750	Transportation Expense		
755	General Insurance		4,804
758	Health & Life Insurance		
775	Miscellaneous Operating Expense		2,958
780	Taxes Other Than Property & Income		
781	Property Tax		1,251
403	Depreciation		90,986
409	Income Tax		
	Total Operating Expense	\$ -	\$ 289,824
	OPERATING INCOME (LOSS)*	\$ -	\$ (162,555)

Acct. No.**OTHER INCOME/EXPENSE:****Prior Year****Current Year**

419	Interest Income		
421	Other Income		
426	Other Expense		
427	Interest Expense		
	TOTAL OTHER INCOME/EXPENSE*	\$ -	\$ -
	NET INCOME (LOSS)*	\$ -	\$ (162,555)

*NOTE: If negative, enclose in parentheses.

See Accountants' Compilation Report

COMPANY NAME JOHNSON UTILITIES, LLCYEAR ENDING DECEMBER 31, 1999COMPUTATION OF DEPRECIATION EXPENSE

Acct. No.	Description	(1) Original Cost	(2) Depreciation Percentage Rate	(1) x (2) Depreciation Expense
351	Organization	-		
352	Franchises	-		
353	Land & Land Rights	875,000		
354	Struct. & Improvements	196,548	5%	4,914
360	Collecting Sewers/Collecting Structures/Force Mains	3,771,466	5%	94,287
363	Services to Customers	25,752	5%	644
364	Flow Measuring Devices/Installations	7,009	5%	175
370	Receiving Wells	-		
371	Pumping Equipment	11,660	5%	291
380	Treatment/Disposal Equipment	-		
381	Plant Sewers	-		
382	Outfall Sewer Lines	-		
389	Other Plant & Misc. Equipment	-		
390	Office Furn. & Fixtures	-		
391	Transportation Equipment	-		
393	Tools & Work Equipment	-		
394	Laboratory Equipment	-		
395	Power Operated Equipment	-		
396	Communications Equipment	-		
397	Miscellaneous Equipment	-		
398	Other Tangible Plant	-		
	Totals	4,887,435		100,311

STATISTICAL INFORMATION

YEAR END

Flat Rate Customers:	Revenue	Customers
Residential	11,769	127
Commercial		
Industrial		
Public Authorities		
Other		
Total Flat Rate Customers	11,769 (a)	127

Measured Rate Customers:

Residential		
Commercial		
Industrial		
Public Authorities		
Other		
Total Measured Rate Customers	- (b)	-

Other Customers:

Interdepartmental and/or Associated Companies		
Other Sewer Systems		
Sale of Effluent		
Sale of Sludge		
Other Customers		
Total Other Customers	-	-

Other Operating Revenue	115,500	
Total All Customers	127,269 (c)	127

(a) Should agree with Page 11, Account No. 521, Flat Rate Revenues.

(b) Should agree with Page 11, Account No. 522, Measured Revenues.

(c) Should agree with Page 11, Total Operating Revenues.

COMPANY NAME

JOHNSON UTILITIES LLC

YEAR ENDING

DECEMBER 31, 1999

CAPITAL STOCK (IF CORPORATION)

	Common	Preferred	Treasury	Total
No. of Shares Authorized:	N/A			-
No. of Shares Issued:				-
Par Value of Shares:				\$ -
Dividends Declared During Year:	-			-

LONG-TERM DEBT

	Loan #1	Loan #2	Loan #3	Total
Amount Issued:	N/A			
Nature of Obligation:				
Amount Issued (Dollars):				-
Amount Outstanding:				-
Term of Maturity:				
Interest Rate:				
Current Year Interest Expense:				-

REPAYMENT OF DEBT AND ADVANCES IN AID OF CONSTRUCTION**DURING REPORT YEAR**

Principal Repayments:		
Long-Term Debt	N/A	
Short-Term Debt	N/A	
Repayment of Advances in Aid of Construction	\$ -	

VERIFICATION
AND
SWORN STATEMENT

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) MARICOPA		SS
NAME (OWNER OR OFFICIAL) GEORGE H. JOHNSON	TITLE PRESIDENT	
COMPANY NAME JOHNSON UTILITIES		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION

COMMISSION FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	99

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

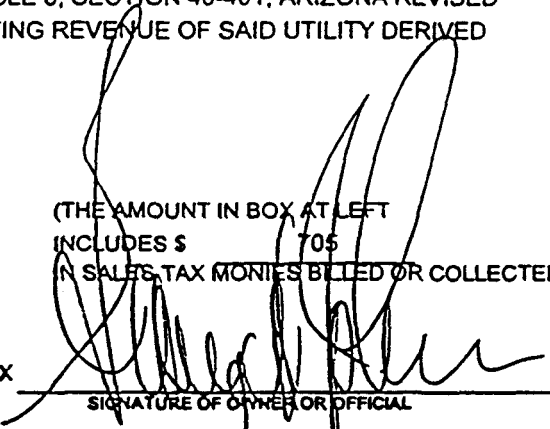
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING

CALENDAR YEAR	YEAR 19 99
---------------	--------------------

WAS	ARIZONA INTRASTATE GROSS OPERATING REVENUE (\$ ONLY) ** 127,974
-----	--

• REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED. IF FOR ANY OTHER REASON REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUE ELSEWHERE REPORTED IN THIS REPORT, PLEASE ATTACH A STATEMENT RECONCILING AND EXPLAINING THE DIFFERENCE.

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ 705 IN SALES TAX MONIES BILLED OR COLLECTED.)

X 
SIGNATURE OF OWNER OR OFFICIAL
480-998-3300
TELEPHONE NUMBER

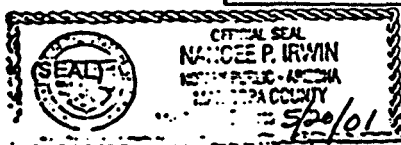
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

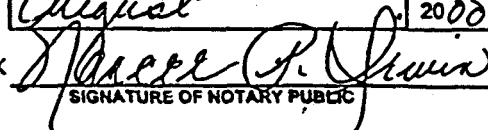
DAY <u>10th</u>

DAY OF



MY COMMISSION EXPIRES

MONTH 05	DAY 20	YEAR 01
-------------	-----------	------------

NOTARY PUBLIC NAME <u>Nancee P. Irwin</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>August</u>	YEAR 2000
X  SIGNATURE OF NOTARY PUBLIC	

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) MARICOPA	
NAME (OWNER OR OFFICIAL) GEORGE H. JOHNSON	TITLE PRESIDENT
COMPANY NAME JOHNSON UTILITIES	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH 12	DAY 31	YEAR 99
--------------------	------------------	-------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

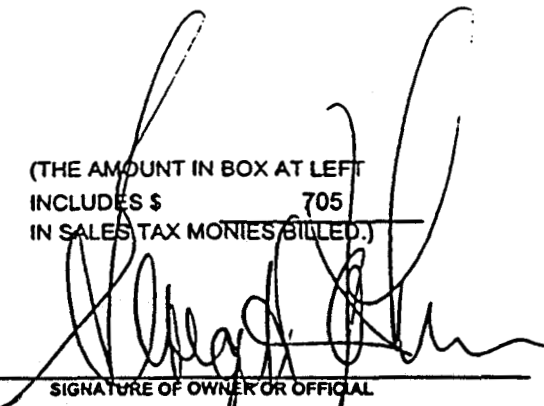
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE SEWER UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING

CALENDAR YEAR	YEAR 19 99
---------------	---------------------------

WAS	RESIDENTIAL SEWER GROSS OPERATING REVENUE (\$ ONLY) * <div style="text-align: center; margin-top: 5px;">127,974</div>
-----	---

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ **705** IN SALES TAX MONIES BILLED.)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAX MONIES BILLED.**


X 

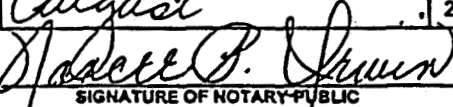
SIGNATURE OF OWNER OR OFFICIAL
480-998-3300

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS	DAY 10th	DAY OF
<div style="border: 1px solid black; padding: 5px; display: inline-block;"><div style="margin-left: 10px;">NANCEE P. IRWIN NOTARY PUBLIC - ARIZONA MARICOPA COUNTY My Comm. Expires 5/20/01</div></div>		
MY COMMISSION EXPIRES	MONTH DAY YEAR 05 20 01	

NOTARY PUBLIC NAME Nancee P. Irwin	
COUNTY NAME Maricopa	
MONTH August	YEAR 2000
X  _____ SIGNATURE OF NOTARY PUBLIC	

COMPANY NAME JOHNSON UTILITIES, LLC

YEAR ENDING

DECEMBER 31, 1999ALL UTILITIES
INCOME TAXES

For the fiscal year reported in this annual report, provide the following:

Federal Taxable Income Reported	(90,855)
Estimated or Actual Federal Tax Liability	N/A (LLC)

State Taxable Income Reported	(90,855)
Estimated or Actual State Tax Liability	N/A (LLC)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	-
Amount of Gross-Up Tax Collected	-
Total Grossed-Up Contributions/Advances	-

Decision No. 55774 states, in part, that the utility will refund any excess gross up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payor or if any gross-up tax refunds have already been made, attach the following information by Payor: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payor, and the date the Utility expects to make or has made the refund to the Payor.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payors all gross-up tax refunds reported in the prior years annual report. This certification should be signed by the President or Chief Executive Officer of the Utility or by the Owner, if the Utility is not a corporation.

Signature

Date

Printed Name

Title

COMPANY NAME JOHNSON UTILITIES, LLC

YEAR ENDING DECEMBER 31, 1999

WATER AND SEWER UTILITIES ONLY

PROPERTY TAXES

Amount of Actual Property Taxes Paid during
calendar year (if different than reported
in this annual report)

2,986

***Attach to this annual report proof (e.g. property tax bills stamped "paid-in-full")
of any and all property taxes paid during the calendar year.

***If no property taxes paid, explain why.

APPENDIX B

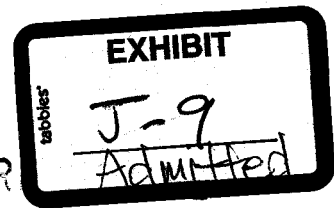
EXHIBIT 5

PUBLIC NOTICE OF AN APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY BY JOHNSON UTILITIES, L.L.C.

Johnson Utilities, L.L.C. has filed with the Arizona Corporation Commission ("Commission") an application for authority for an extension of its Certificate of Convenience and Necessity to provide wastewater service. If the application is granted, Johnson Utilities, L.L.C. would be the exclusive provider of wastewater service to the proposed area. Johnson Utilities, L.L.C. will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at Johnson Utilities, L.L.C., 5230 East Shea Boulevard, Scottsdale, Arizona 85254.

The Commission will hold a hearing on this matter. As a property owner, or customer, you may be entitled to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application or have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.



2001 MAY -2 P 4: 21

AZ CORP COMMISSION
DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman

JIM IRVIN
Commissioner

MARC SPITZER
Commissioner

IN THE MATTER OF THE APPLICATION)
OF JOHNSON UTILITIES, L.L.C. DBA)
JOHNSON UTILITIES COMPANY FOR AN)
EXTENSION FOR ITS CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO)
PROVIDE WASTEWATER SERVICE)
TO THE PUBLIC IN THE DESCRIBED)
AREA IN PINAL AND MARICOPA)
COUNTIES, ARIZONA)

Docket No: WS-02987A-01-0295

**FIRST AMENDMENT TO
APPLICATION**

1. On April 10, 2001, Johnson Utilities, L.L.C. ("the Company") filed an Application requesting an extension of its existing Wastewater Certificate of Convenience and Necessity.

2. Through this First Amendment to Application the Company seeks to include additional adjacent properties within the Company's service area in Pinal County (the "Additional Parcels").

3. Attached as Exhibit A is a legal description for the Additional Parcels.


4. Attached as Exhibit B is an updated and complete set of maps. These maps replace all maps previously submitted. The maps show the legal descriptions and depict all parcels covered by the expansion application, including the Additional Parcels.

5. All other provisions of the original April 10, 2001 Application remain the same.

The Company respectfully requests that the Commission supplement the pending Application to include the Additional Parcels described in this First Amendment to Application.

Respectfully submitted this 2nd day of May, 2001.

LEWIS AND ROCA LLP


Thomas H. Campbell
Michael T. Hallam
40 N. Central Avenue
Phoenix, Arizona 85004
Attorneys for Johnson Utilities Company

Original and ten (10) copies of
the foregoing hand-delivered
this 2nd day of May, 2001, to:

The Arizona Corporation Commission
Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

LEWIS
AND
ROCA
LLP

LAWYERS

Copy of the foregoing hand-delivered
this 2nd day of May, 2001, to:

Arizona Corporation Commission
Hearing Division
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
Legal Division
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007

Jim Fisher
Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007

Jayne Williams

Exhibit A

**First Amendment to
Johnson Utilities Company
CC&N Wastewater Expansion**

Property located in Sections 27 and 35, Township 2 South, Range 8 East, G. & S.R.M., Pinal County, Arizona, being more particularly described as follows:

All of Section 27,
And
All of Section 35,

All in Township 2 South, Range 8 East, G. & S.R.M., Pinal County, Arizona.

Property located in Sections 2, 3, 4, 9, 10, 11, 12, 14, and 16 Township 3 South, Range 8 East, G. & S.R.M., Pinal County, Arizona, being more particularly described as follows:

All of Section 2,
The South half of Section 3,
All of Section 4,
All of Section 9,
All of Section 10,
All of Section 11,
All of Section 12,
The East half of Section 14,
And

That portion of Section 16 South and West of the Southern Pacific Railroad right-of-way,

All in Township 3 South, Range 8 East, G. & S.R.M., Pinal County, Arizona.

Property located in Section 18, Township 3 South, Range 9 East, G. & S.R.M., Pinal County, Arizona, being more particularly described as follows:

All of Section 18,

All in Township 3 South, Range 9 East, G. & S.R.M., Pinal County, Arizona.

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EXHIBIT B

ATTACHMENT "B"

MARICOPA	13, 24, 25, 26, 27, 34, 35, 36	2 SOUTH	7 EAST
COUNTY	SECTION	TOWNSHIP	RANGE

6		5		4	
7		8		9	
				1 0	
1 8		1 7		1 6	
				1 5	
1 9		2 0		2 1	
				2 2	
3 0		2 9		2 8	
				2 7	
3 1		3 2		3 3	
				3 4	
				3 5	
				3 6	

Type or Print Description Here:

All of Sections 13, 24, 25, 26; South 1/2 of Sec. 27; All of Sections 34, 35, and 36. All in Township 2 South, Range 7 East, G. & S.R.M., Maricopa County, Arizona

ATTACHMENT "B"

PINAL	7,8,9,16,17,18, 19,20,21,22,27,30 35	2 South	8 EAST
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
18	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Type or Print Description Here:

All of Sections 7 and 8; East 1/2 of Sec.9; All of Sections 16, 17, 18, and 19; North 1/2 of Sec. 20; All of Sections 21, 22, 27, 30 and 35. All in Township 2 South, Range 8 East, G. & S.R.M., Pinal County, Arizona

ATTACHMENT "B"

PINAL	2,3,4,9,10, 11 12, 14 and 16	3 South	8 East
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
1 8	1 7	1 6	1 5	1 4	1 3
1 9	2 0	2 1	2 2	2 3	2 4
3 0	2 9	2 8	2 7	2 6	2 5
3 1	3 2	3 3	3 4	3 5	3 6

Type or Print Description Here:

All of Section 2, South 1/2 of Section 3, all of Sections 4, 9, 10, 11 and 12, East 1/2 of Section 14, that portion of 16 South and West of the Southern Pacific Railroad right-of-way. All in Township 3 South, Range 8 East, G. & S.R.M., Pinal County, Arizona.

ATTACHMENT "B"

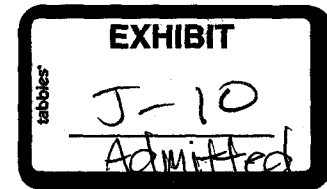
PINAL	18	3 South	9 East
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	1 0	1 1	1 2
1 8	1 7	1 6	1 5	1 4	1 3
1 9	2 0	2 1	2 2	2 3	2 4
3 0	2 9	2 8	2 7	2 6	2 5
3 1	3 2	3 3	3 4	3 5	3 6

Type or Print Description Here:

All of Section 18. All in Township 3 South, Range 9 East, G. & S.R.M.,
Pinal County, Arizona

**Johnson Utilities Response to
Staff's First Set of Data Requests
Docket Nos. WS-02987A-01-0295
And SW-04002A-01-0228**



In response to Staff's First Set of Data Requests, Johnson Utilities provides the following information:

- 1) *DMH 1-01: Please provide Johnson's estimate of projected growth, by year over the next five years, in the requested extension area.*

Response:

At paragraph 9 of the of the Application for extension of its Certificate of Convenience and Necessity, Johnson Utilities provided the following information regarding the number of customers Johnson anticipates serving, by class, in the new area in each of the next five years:

	Residential	Commercial	Industrial
Year One	<u>1196</u>	<u>2</u>	<u>0</u>
Year Two	<u>2046</u>	<u>4</u>	<u>0</u>
Year Three	<u>3373</u>	<u>6</u>	<u>0</u>
Year Four	<u>5260</u>	<u>12</u>	<u>0</u>
Year Five	<u>7166</u>	<u>22</u>	<u>2</u>

Johnson Utilities provided this estimate based on information supplied by H2O Water Company and Queen Creek Water Company. Johnson Utilities understands that this information was provided to the water companies by various developers and builders that have proposed to develop the area in question. As of June 11, 2001, Johnson Utilities has not received any amended estimates of projected growth.

- 2) *DMH 1-02: It is Staff's understanding that Johnson's existing sewer treatment plant facilities (the Johnson Ranch Wastewater Treatment Plant and Marwood Wastewater Treatment Plant) are located more than ten miles from the proposed extension area.*
- a) *Does Johnson Utilities intend to expand either or both of its existing treatment plants in order to treat flows from the proposed extension area, or does Johnson plan to construct a separate on-site treatment and disposal system in order to treat flows from the proposed extension area?*

Response:

Due to the somewhat scattered nature of the development in these areas, it will be necessary for Johnson Utilities to first build a new and separate treatment and disposal system to serve this expansion area. In accordance with the plan set forth in the CAAG 208 Water Quality Plan Amendment No. 4 for Johnson Utilities Company, LLC. ("208 Application"), a copy of which is attached as Tab 1, Johnson Utilities would eventually tie this new system together with its existing and proposed plants to provide a strong, redundant regional system.

The enclosed 208 Application was submitted to ADEQ in April of this year. The information contained in this application is subject to ADEQ approval, but should clearly establish for the Commission the proposed scope of Johnson Utilities expansion and service estimates for the region.

- b) Please provide a preliminary engineering plan describing the plant expansion or plant additions Johnson intends to undertake in order to treat flows from the requested extension area. If Johnson has not yet determined whether to expand existing plant, to construct a separate on-site treatment and disposal system, or to utilize yet another alternative means of treating flows from the requested extension area, please provide preliminary engineering plans for each alternative being considered.*

Response:

The enclosed 208 Application sets forth preliminary plans for the present and future wastewater demands in the area. The 208 Application is based on Johnson Utility projections, but is not considered an engineering plan. Generally, engineering firms retained by developers and builders develop preliminary engineering plans. Once prepared, these plans are provided to Johnson Utilities for review and implementation. In order to limit its expenses, Johnson Utilities does not usually prepare plans until after it has obtained a CC&N and received initial plans from the developers. In preparation for the expansion and the projected growth, Johnson's engineering firm has assessed what will be required to meet initial flows. Initial flows from the proposed extension will be directed to the proposed Circle-Cross Wastewater Treatment Plant.

- 3) DMH 1-03: Provide rough construction cost estimates for the preliminary engineering plan or plans furnished in response to DMH 1-02(b) above.*

Response:

Preliminary engineering plans have not been prepared for the proposed extension area. However, attached is a preliminary cost estimate (attached as Tab 2) for the first Phase of the Circle-Cross Ranch WWTP and infrastructure prepared for Johnson's enclosed 208 Application. This preliminary cost estimate was prepared for Johnson Utilities in response to Staff's request.

- 4) *DMH 1-04: Provide the projected construction schedule for the preliminary engineering plan or plans furnished in response to DMH 1-2(b) above.*

Response:

The only projected construction schedule available for this area would be based on Section 3 of the 208 Application. This section sets forth the proposed phasing of wastewater treatment plants and provides the reader with information about the projected construction timeframes.

- 5) *DMH 1-05: Provide the most recent available twelve consecutive month flow data for the Johnson Ranch Wastewater Treatment Plan and the Marwood Wastewater Treatment Plant.*

Response:

The best source for obtaining monthly flow data for wastewater treatment plants is the SMRF reports that every facility is required to submit to ADEQ. Attached is a copy of Johnson's last few Self-Monitoring Report Forms as reported to ADEQ (attached as Tab 3).

The Mar-Wood Wastewater Treatment Plant is fully operational and permitted, but has been temporally removed from service. All current wastewater flows are being treated at the main wastewater plant in Section 11, Township 4 South, Range 8 East. The plant is located to the south of Johnson Ranch and the proposed service area.

Attached to this response is a copy of Johnson's Precision Golf Course 208 amendment which increases the treatment capacity of the Mar-Wood location from 20,000 gpd to 0.3 mgd (attached as Tab 4). The design of the plant expansion is currently being reviewed by ADEQ.

- 6) *DMH 1-06: How many customers were served by Johnson Ranch Wastewater Treatment Plant during each of the twelve months for which flow data was provided in response to DMH 1-5 above?*

Response:

This information is contained in the reports attached in Tab 5.

- 7) *DMH 1-07: How many customers were served by the Marwood Wastewater Treatment Plant during each of the twelve months for which flow data was provided in response to DMH 1-5 above?*

Response:

As noted above, the Mar-Wood facility, although fully operational and properly permitted, has been temporarily removed from service. All current wastewater flows are being treated at the main wastewater plant in Section 11,

Township 4 South, Range 8 East. The plant is located to the south of Johnson Ranch and the proposed service area.

1

**CAAG 208 WATER QUALITY
PLAN AMENDMENT NO. 4
FOR
JOHNSON UTILITIES COMPANY, L.L.C.**

April 2001

PREPARED FOR:

JOHNSON UTILITIES COMPANY, L.L.C.

5230 East Shea Boulevard

Scottsdale, Arizona 85254

Ph: (480) 998-3300

Fax: (480) 483-7908

PREPARED BY:

THE WLB GROUP, INC.

333 East Osborn, Suite 380

Phoenix, Arizona 85012

Ph: (602) 279-1016

Fax: (602) 279-7810

WLB No. 195071-A-012

W:\195071\Utilities\208 No 4\CAAG-208.wpd

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	c. SAN TAN HEIGHTS	2
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APPENDIX:

1. RECLAIMED WASTEWATER RE-USE PERMIT APPLICATION (Pending)
2. AQUIFER PROTECTION PERMIT (APP) APPLICATION (Pending)
3. 208 AMENDMENT CHECKLIST 45
4. ACC - CC&N APPLICATIONS (Pending)

SECTION 1 - INTRODUCTION

This CAAG 208 Water Quality Plan Amendment will address four (4) individual wastewater treatment plant sites. The four proposed projects are located in Pinal County in an area of relatively flat topography. The sites are equally accessible to Phoenix and Tucson metropolitan regions and close to Florence, Apache Junction and Queen Creek. The land within, and surrounding, these projects has historically been used for agricultural purposes over the past years. The main objective of this amendment is to propose the development of four wastewater treatment plant sites that will serve numerous planned communities. The following sites and their respective wastewater treatment facilities (WWTF); a) Copper Basin, b) Mystic Lake Ranch, c) San Tan Heights, and d) Circle Cross Ranch, will be addressed in this amendment. Johnson Utilities Company, L.L.C.'s service area is located within the project areas and will be providing development, maintenance and operation of the wastewater facilities. Each project is briefly described in the following discussion (See Exhibit 1).

a. COPPER BASIN

Copper Basin, formerly the Spike H. Ranch Planned Area Development (PAD), is located in south-central Pinal County along the east side of Hunt Highway between the Southern Pacific Railroad, Magma Road and Judd Road. The project is approximately eight miles northwest of Florence. Copper Basin is near the Magma Railroad Junction and is surrounded by state, private and agricultural land.

Copper Basin will encompass approximately 851 acres of mixed use development arranged around a centrally located village center. Residential units are anticipated to consist of adult retirement communities, family neighborhoods, townhomes, and multi-family units. The planned density of the project will include approximately 2,989 dwelling units, two elementary schools, a village center, and approximately 16 acres of commercial areas in addition to open space, parks and landscaped parkways.

b. MYSTIC LAKE RANCH

Mystic Lake Ranch, a 1,240 acre mixed use development, is located in central Pinal County along the east and west sides of Hunt Highway approximately five and one-half miles south of the Johnson Ranch development. Hunt Highway makes a 90 degree turn to the east at the southern boundary of the project. The southeast corner of the project is formed by the intersection of Attaway Road and Hunt Highway. The northern part of the project is bounded by the future alignment of Franklin Road, while Felix Road is one mile east of the eastern boundary. The site is surrounded by state, private and agricultural land.

The site will consist of low to medium density housing, a 12-acre elementary school site, an 18-hole golf course and clubhouse, and several areas of neighborhood commercial use. The development will also include an equestrian center with a trail system, a recreational lake and a riparian preservation area complete with hiking trails. The developer has enlisted the design services of a wildlife consultant to enhance the vegetation and wildlife within the riparian corridors. Mystic Lake Ranch may be developed with 25 percent of the site as Active Adult-Only Community.

c. SAN TAN HEIGHTS

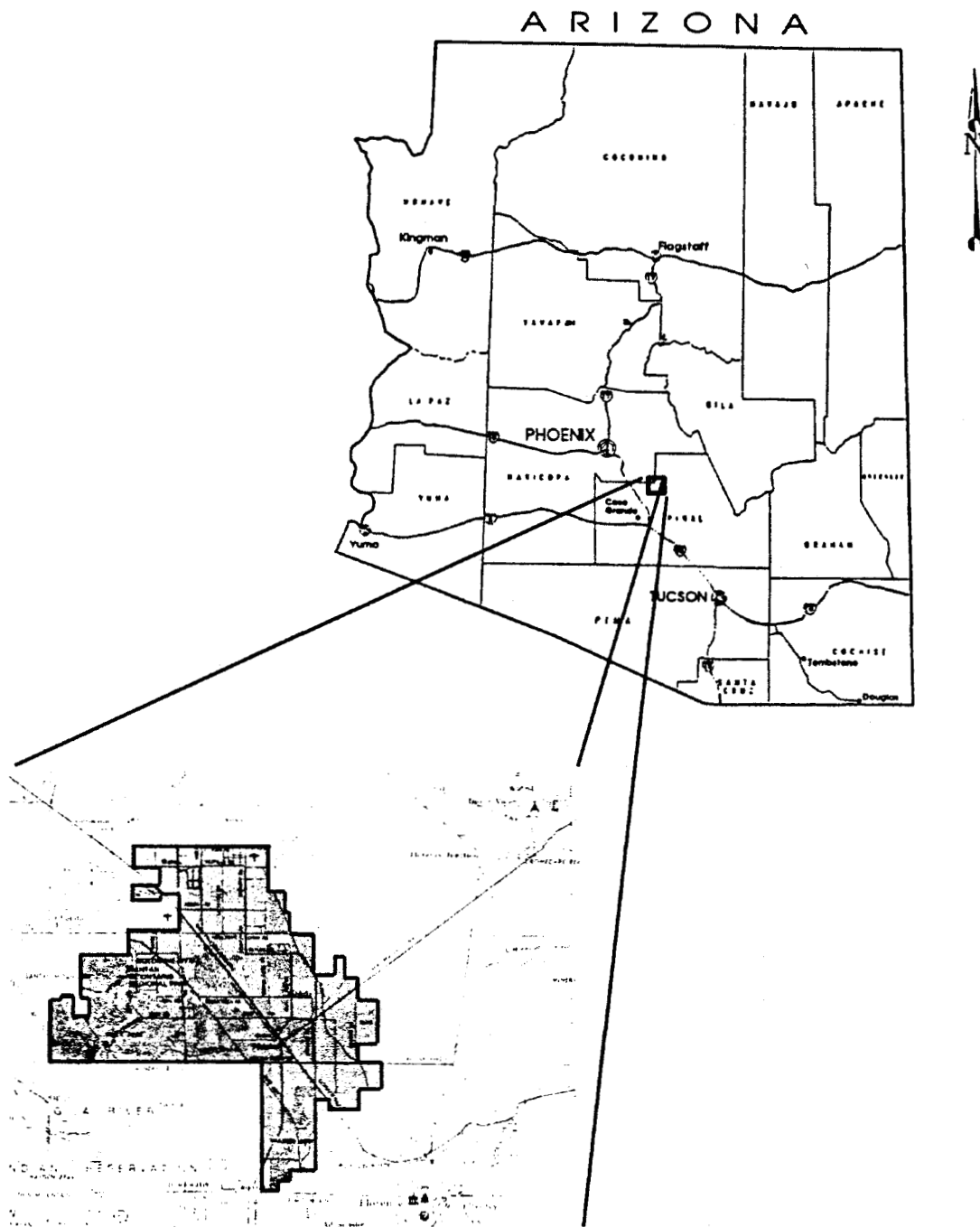
San Tan Heights is located in central Pinal County, on the southwest side of Hunt Highway, north of Bella Vista Road. The development will consist of approximately 2,184 acres of mixed use development. The parcel is bounded by Hunt Highway on the north, the San Tan Mountain Regional Park on the west, and Phillips and Roberts Roads on the southern boundary. The parcel is surrounded by agricultural use land, private property, the Johnson Ranch planned community, and the San Tan Mountains. The smaller 320 acre parcel to the southwest of the main development is bounded by Thompson Road on the east, and Phillips Road on the north.

The final build out of both sites will consist of an estimated 5,266 single-family homes, four commercial sites, and two 20-acre elementary school sites. It will also include parks and a network of greenbelts that connect to an equestrian trail which will provide access to the San Tan Mountains Regional Park.

d. CIRCLE CROSS

Circle Cross is located immediately south and west of the intersection of Combs Road and Vineyard Road, in central Pinal County. The 1,409 acres and surrounding land is currently being used for agricultural purposes, however three developments are proposed immediately adjacent to the site. A portion of the development has been used for cattle rearing. The applicant intends to use a portion of the operation to continue feeding of cattle until development commences. The San Tan Mountain Regional Park is three miles to the southwest of the property. The project is immediately southwest of Rittenhouse Road (Southern Pacific Railroad), with additional portions of the project on the northeast side of the railroad. It is bounded by Vineyard Road on the East, Skyline Drive on the South, Meridian (Gary) Road on the West, and Combs Road on the North.

At buildout, the site will consist of an estimated 5,296 single family homes ranging from low to high density housing, the possibility of two 10-acre elementary school sites, an equestrian center, and two mixed use sites. The recreation system will consist of a comprehensive park and open space system, as well as an equestrian center. The equestrian trail system proposed will connect with the regional system.



Location Map
Exhibit 1

SECTION 2 - DESCRIPTION OF PROJECTS

a. COPPER BASIN

Copper Basin will be developed with a variety of housing ranging from low to high densities, as well as several neighborhood commercial and light industrial sites. The community will offer a variety of lot sizes and amenities. Two elementary school sites are currently planned for the project. An extensive green belt and trail system are the main components of the open spaces within Copper Basin, and account for over 16 percent of the total land area. The open spaces allow access to additional recreational opportunities within the community.

It is anticipated that this project will be developed in four phases and will take approximately 10 to 15 years for total build-out. The development concept is to gradually phase out farming operations and remove the fields from production as the development progresses. The initial phase of the Planned Area Development (PAD) consists of approximately 131 acres and has been approved for approximately 583 family units. Phase two consists of approximately 221 acres with an estimated 1,086 housing units. Phase three consists of approximately 230 acres which will include a commercial development, light industrial development, and school sites. Estimated housing units within phase three is 655. The final phase of this project will consist of some commercial and light industrial development, along with the final estimated 665 housing units on 381 acres.

The sewage treatment facility will be located immediately adjacent to the railroad tracks. The wastewater effluent will be used on open spaces and landscaped areas. The initial plant will consist of a total capacity of 1 MGD. The wastewater treatment plant at Copper Basin will ultimately serve additional sections of land located northeast of the Southern Pacific Railroad as discussed below. A copy of the service area has been attached as Exhibit 2.

Bella Vista Farms The proposed facility will also serve a portion of the Bella Vista Farms PAD, which is located in the Superstition Valley area of central Pinal County near the Magma Railroad Junction. The master planned community is located in Sections 10, 15, 13, 23 and parts of Sections

9, 16, and 14 of Township 3 South, Range 8 East of the G&SRM. The property consists of approximately 3,583 acres of mixed use development, arranged in three village components, which feature a range of low to high density housing, an 18-hole golf course with driving range and clubhouse, and several areas of neighborhood commercial use. Open space will account for an additional 11 percent of the land area, over and above the golf course.

Development of the Bella Vista site is estimated to begin in 2003 and will be developed in six phases. It is anticipated that the Copper Basin WWTP will only service Sections 23 and 13 of the development. It is estimated that Section 23, which will be developed during the first phase of the PAD, will require service for 2,903 residential units on approximately 700 acres. Section 13 will be developed in the next phase of the project. The balance of the project will be served by a future WWTP. Additional sections of land, including Rickie Farms, located east of the plant will ultimately be served by this plant, but density information is unavailable at this time.

b. MYSTIC LAKE RANCH

Mystic Lake Ranch will be developed to incorporate a range of low to medium density single family homes, an elementary school, an 18-hole golf course and clubhouse, several commercial areas and an equestrian center. Riparian areas will be enhanced with hiking trails which will serve as a natural buffer between and within the proposed housing developments. The equestrian trail system, recreational lake, and riparian preservation area will provide for approximately 24 percent of open space in the total land area.

It is anticipated that the project will be developed in three major phases. The initial phase is a Planned Area Development (PAD) consisting of approximately 648 acres and has been approved for approximately 1,122 family units. The golf course, community center, equestrian center and riparian area will be developed in the latter part of this phase. Phase two consists of 267 acres with approximately 1,656 housing units and the elementary school. The final phase of this project covers approximately 275 acres consisting of 1,334 housing units with some commercial and light industrial.

The WWTP will be located on Parcel 25 in the southern portion of the project. Treated effluent will be pumped by a reclaimed pump station to the golf course and riparian areas for turf irrigation and use on open spaces and landscaped areas. The initial plant will have a total capacity of approximately 0.5 MGD (See *Exhibit 2*).

Farley Farms The Mystic Lake Ranch WWTP will also serve this Planned Area Development, located directly west of Mystic Lake in Sections 34, 27, 23, and 22 of Township 4 South, Range 8 East of G&SRM. The site will be developed for a total of approximately 4,200 units. An 880 acre parcel lies between Mystic Lake Ranch and Farley Farms. This area will eventually be developed for approximately 3,000 housing units, and in the future will be serviced by the Mystic Lake WWTP.

c. SAN TAN HEIGHTS

San Tan Heights will feature a range of very low to high density housing, two elementary schools, and several commercial areas. Larger lots are located at the edges of the development and provide a buffer to the surrounding desert and mountain preserves. The equestrian trail system, pocket parks, greenbelts connecting linear parks and equestrian trails account for approximately 15 percent of the open space. Portions of this open space will provide stormwater retention and will serve as focal points for each neighborhood for recreational activities.

It is anticipated that the project will be developed in four phases. The initial phase of this Planned Area Development (PAD) will be developed in two areas. The first area will consist of approximately 538 acres approved for approximately 1,523 family units. The second area of phase one will encompass a 320 acre parcel which is located to the southwest of the main development and will be connected via horse trail, greenbelt and roadway connections for a total of approximately 239 housing units. The initial elementary school, commercial park, and wastewater treatment plant will be developed in phase one. The second phase will consist of approximately 676 acres with 2,185 housing units and a second elementary school. The third phase will encompass 146 acres with 359 housing units and some of the neighborhood commercial sites. The

fourth phase will total 502 acres which will include the rest of the commercial sites and 960 residential units.

The WWTP, which will be located on Parcel 13, and will have an initial capacity of 0.5 MGD. The treatment plant will be developed to serve a total flow of approximately 1.5 MGD that includes service for future surrounding sites. The wastewater effluent will be used on open spaces and landscaped areas within the proposed development, as well as deliver effluent to The Golf Club at Johnson Ranch which lies directly southeast of San Tan Heights. This WWTP site is ideal for the San Tan Heights because it is immediately downstream of the service areas and surrounded by open space and commercial properties (*See Exhibit 2*).

d. CIRCLE CROSS RANCH

The Circle Cross Ranch development will consist of a range of low to high density housing, two elementary schools covering 10 acres each, a golf course and clubhouse, and several commercial areas at the intersections of major arterials. Because of the rural character of the project and the land surrounding it, an equestrian center is proposed in the northern portion of the site, adjacent to the WWTP. Open space and parks will account for approximately 15 percent of the total area.

It is anticipated that the project will be developed in four major phases. The phasing will begin at the southern portion of the site and typically continue in a northeasterly manner with phase four of the housing units occurring in the northern portion of the site. The initial phase is a Planned Area Development (PAD) consisting of approximately 309 acres and has been approved for approximately 1,000 family units. One of the elementary schools and the wastewater treatment plant will be developed in this initial phase. Phase two consists of approximately 411 acres with approximately 1,250 housing units. The third phase will encompass about 185 acres and 560 housing units. Most of the neighborhood commercial sites will be developed in this phase, as well as the second school site. The fourth and final phase will total 499 acres which will include the final commercial site and the balance of the residential units

The wastewater treatment plant at Circle Cross Ranch will also service adjacent developments, as discussed below. Service agreements will be in place with the individual developments before service will be provided.

Ware Farms This development is located in Section 33, Township 2 South, Range 8 East, G&SRM. The property will consist of 480 acres of mixed use development, consisting of low to medium density housing. A neighborhood commercial site will be developed at the major intersection in the northeast quarter of the section. Ware Farms may become an active adult community, depending on consumer demands. It will be developed in two phases; the first phase will cover approximately 286 acres with a total of 1,154 planned units. Phase two will total 194 acres with 688 planned units.

Morning Sun Farms This development is located in the central portion of Section 1, and the northeast corner of Section 12, Township 3 South, Range 7 East of G&SRM. The property encompasses approximately 478 acres and will consist of mixed use developments with primarily medium density housing, a 10-acre school site, and three commercial sites. It will be developed in two phases, with the first phase including the school, industrial property, and commercial sites.

Johnson Farms This development is located in Section 32 Range 8 East, Township 2 South, of G&SRM. It encompasses approximately 774 acres with a total projected residential development of 2,615 dwelling units.

Pecan Ranch Pecan Ranch is located in Section 29, Township 2 South, Range 8 East of G&SRM. This proposed site will consist of 880 acres with approximately 3,180 planned dwelling units and a golf course. The PAD will consist of mixed use developments, including a 15-acre elementary school and several commercial areas.

Home Place This development is located about two miles from Queen Creek in Section 28, Township 2 South, Range 8 East of G&SRM. The Home Place consists of approximately 640 acres

and is expected to have a total of 2,174 residential dwelling units, a 15-acre elementary school site, and several commercial and office nodes. The site will be developed in four phases, with the first phase consisting of housing units and commercial areas. The channel of Queen Creek Wash flows across the northern edge of the PAD, and is within the 100-year flood plain as mapped by the Federal Emergency Management Agency (FEMA). This area will be the main component of the open space system, consisting of approximately over 16 percent of the total land area.

Jorde Farms The development is located directly west of Morning Sun Farms in Sections 2 and 3 of Township 3 South, Range 7 East of G&SRM. The site consists of 1,528 acres, which will be developed with approximately 1,000 dwelling units.

Skyline Ranch The development is located south of Circle Cross and Morning Sun Farms in Section 12, Township 3 South, Range 7 East, and the western portion of Section 7, Township 3 South, Range 7 East of G&SRM. The site consists of approximately 531 acres, which will be developed to include a 12 acre school, a church, and approximately 1700 dwelling units.

The Circle Cross Ranch WWTP will be sized and developed to serve Circle Cross and the surrounding subdivisions with an initial start-up capacity of 1.5 MGD. A copy of the service area has been attached as Exhibit 2. The location of the WWTP site will allow Circle Cross to service Ware Farms and other future developments as previously identified, within the approved CC&N area.

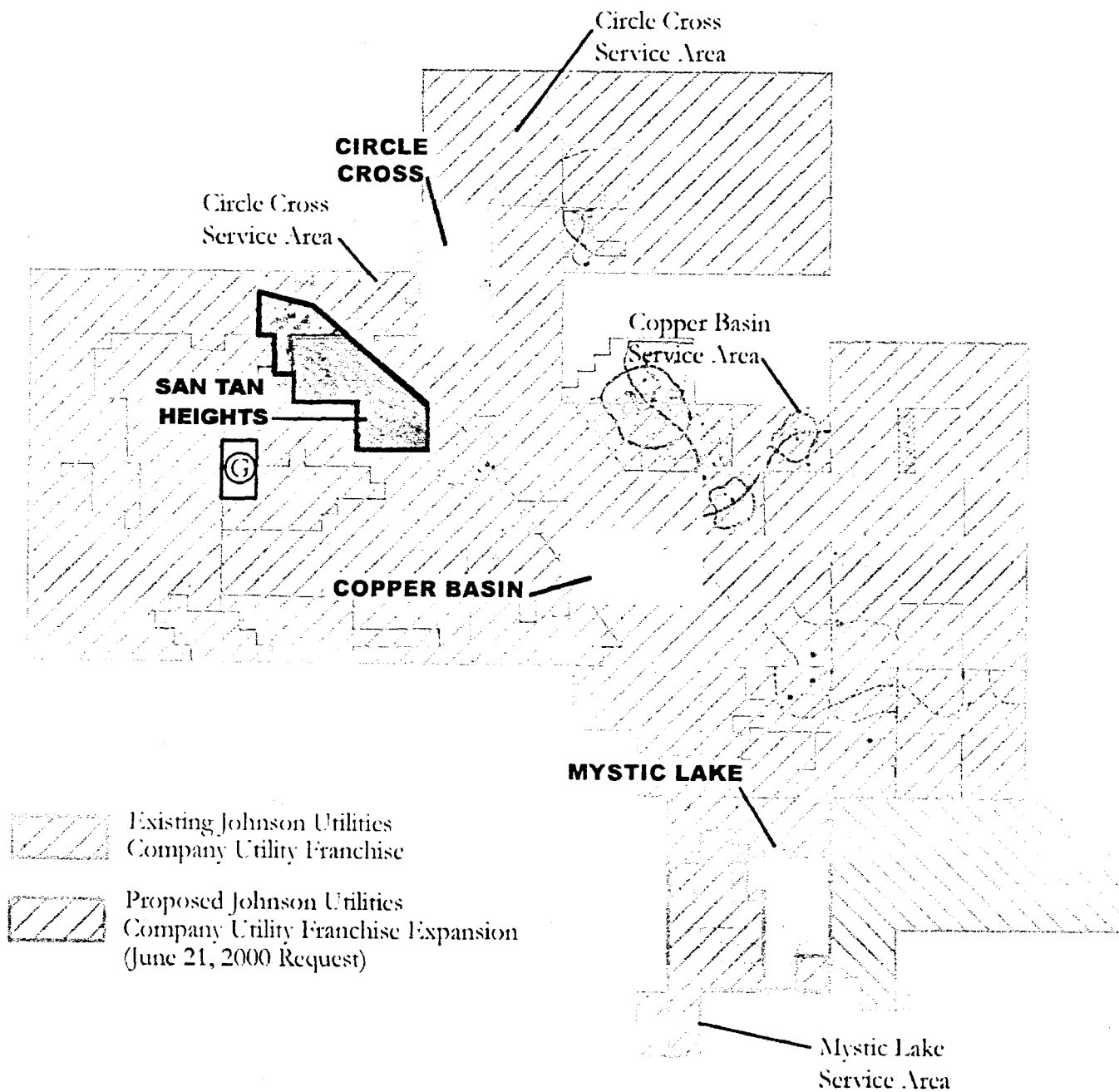
All of the four proposed plants will be developed as Sequence Batch Reactors (SBR) mechanical plants. The SBR plants are designed to provide seven potential phases of operation, however, the duration and number of phases is based on process considerations related to the effluent quality requirements of a specific wastewater treatment operation. Construction of all the wastewater treatment facilities (WWTF) and wastewater collection infrastructures will be phased in accordance with the growth and needs of the individual projects. Each future phase of the WWTF will be constructed and operational before the capacity of the existing treatment facility is exceeded. The

wastewater facilities will be designed to allow orderly expansion to occur as additional capacity is required. The wastewater effluent will be treated to reuse standards, for use on open spaces, golf courses, recreational areas and landscaped areas

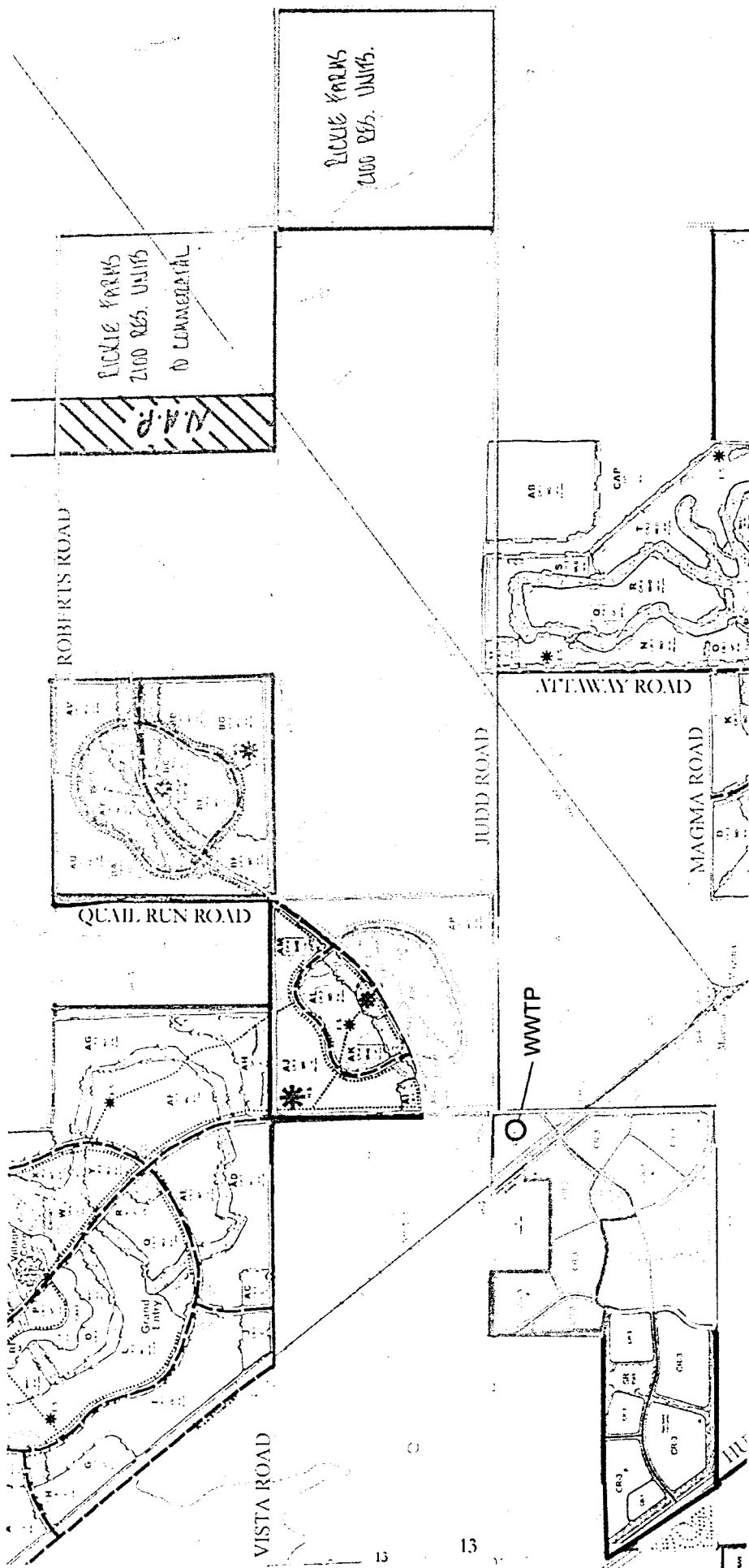
The communities can be serviced within a short distance and the profile of the mechanical plants will be constructed to be aesthetically inconspicuous. The plant expansions will allow the facilities to provide wastewater treatment to adjacent properties providing the parcel is within the utility's approved CC&N, and desires to be served. The main wastewater plants have anticipated growth in their immediate area, and will be sized accordingly. Areas included in this amendment are only areas currently approved by, or those who have applied for service to, the Arizona Corporation Commission (ACC).

Development of these projects is anticipated to begin between the years 2001 through 2006. All of the projects are composed of one or more of the following: family housing, adult communities, elementary schools, recreational areas, equestrian centers, and some commercial areas.

Johnson Utilities Companies was formed as a utility company and is registered with the Arizona Corporation Commission (ACC) to provide water and sewer service to this area. Due to developer and consumer demand, Johnson Utilities Company will construct, operate and maintain the WWTP facilities. The franchise for utility service to this area has been granted by Pinal County. These proposed sites are within the currently approved franchise for the utility. Johnson Utilities Company has ,or will obtain, a Certificate of Convenience and Necessity (CC&N) from the ACC in order to provide water and wastewater service for the franchised areas, which will include Copper Basin, Mystic Lake Ranch, San Tan Heights, Circle Cross Ranch and adjacent sites. Approval of said application, and pending applications, will grant Johnson Utilities Company the proper rights and authorities to implement this plan. A copy of the CC&N. is on record with the ACC (See Appendix 4).

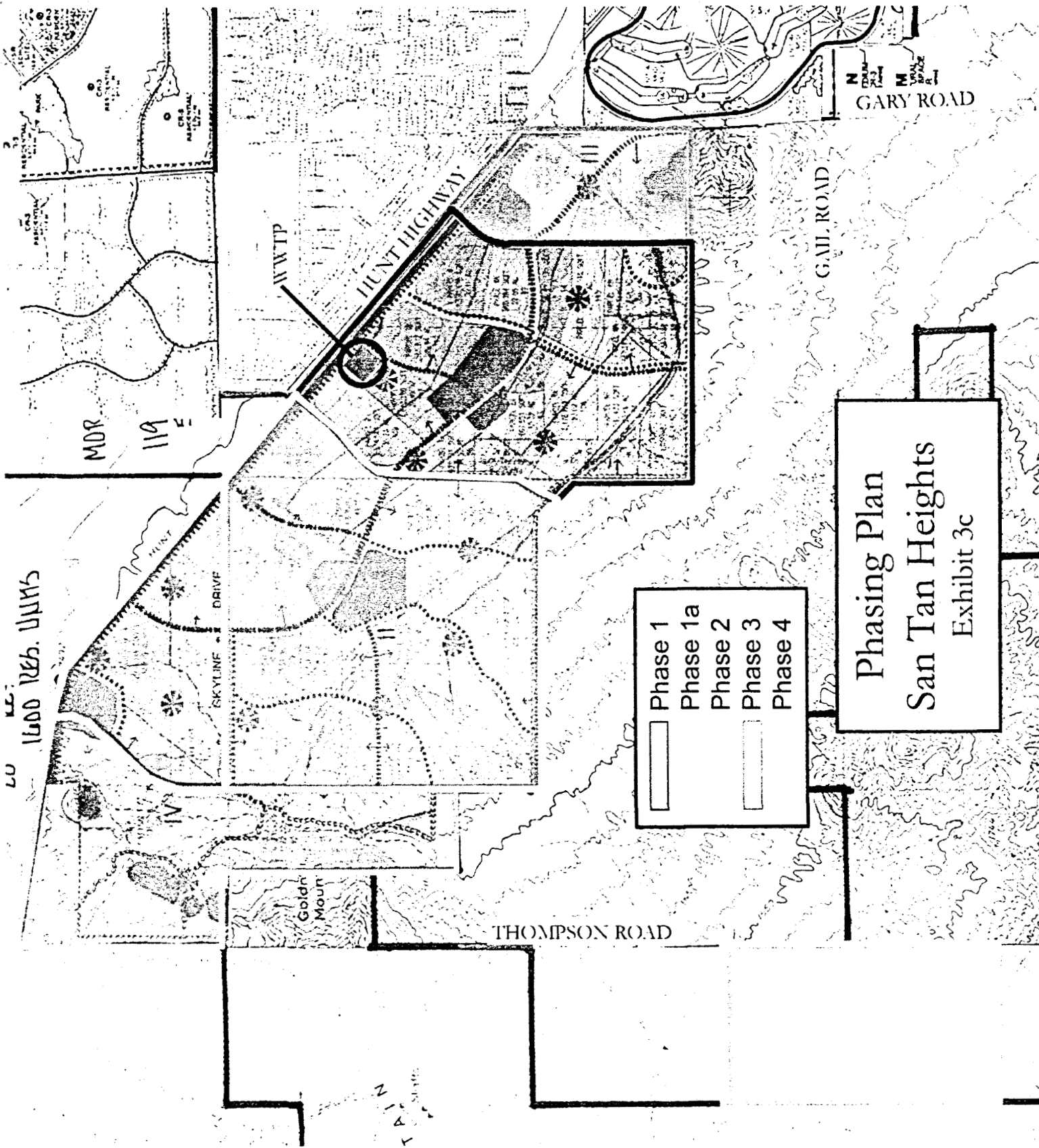


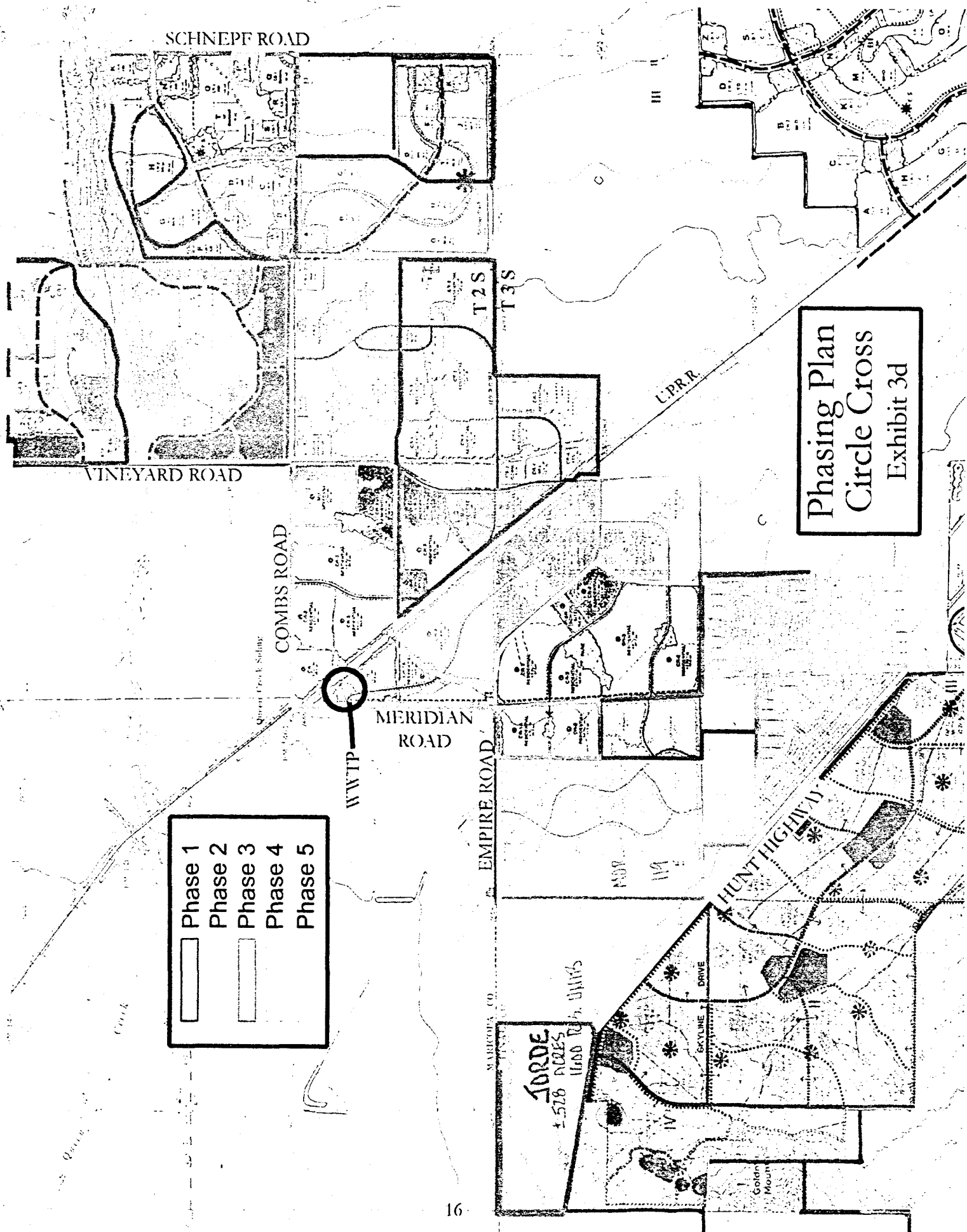
**Franchise Areas - Pinal County
CAAG 208 Plan
Amendment #4
Exhibit 2**



- Phase 1
- Phase 2
- Phase 3
- Phase 4

Phasing Plan Copper Basin Exhibit 3a





- Phase 1
- Phase 2
- Phase 3
- Phase 4
- Phase 5

Phasing Plan
Circle Cross
Exhibit 3d

SECTION 3 - WASTEWATER TREATMENT PLANT PHASING

In preparing the phasing plans, certain assumptions have been made. These include: 1) the rate of growth for the project remains constant as calculated; 2) the rate of growth of other regional projects used in assessing cumulative impacts on phased infrastructure and services remains constant as calculated; and 3) the market demand for proposed residential product type and mix remains constant throughout the phasing intervals. If the build-out rate internal to projects accelerates or decreases, key infrastructural components may be re-phased.

COPPER BASIN

The Copper Basin WWTP will be developed in four phases. The WWTP may also provide service to developments outside of the Copper Basin site area. A summary of the proposed phasing sequence by planning areas is provided below.

PHASE	YEAR	INFRASTRUCTURE CAPACITY
A	2001-2005	Start of Project - Start-up of SBR Mechanical Treatment Plant and Effluent Reuse on open space and landscaped areas (0.5 MGD)
B	2006-2010	Addition of 1 MGD mechanical Treatment Effluent Reuse/Excess Discharge. Service to be provided to Bella Vista Farms.
C	2011-2015	Addition of a 0.5 MGD Mechanical Treatment Effluent Reuse/Excess Discharge.
D	2015-2021	Estimated build out of the final 1 MGD is anticipated to be completed withing the remaining 6 years for the balance of 2989 homes. There will be no additional hook-ups after the 2989 units. Total build out 2.5 MGD and is dependent on economic development trends over the next 20 years.

During Phase A of the project, the homes in Copper Basin will drain to the main lift station located adjacent to the park. The remainder of the project will drain to another lift station located within the northwest portion of the project and pumped to the WWTP. A force main adjacent to Hunt Highway will be utilized for a portion of the project. This force main connects to the main Johnson Utilities WWTP approximately 2.25 miles southeast of the project. Johnson Utilities will be responsible for the expansion of their plant due to new development in the area. The main wastewater treatment plant for this project is being planned for the northeastern portion of Copper Basin. When this facility comes on line, the lift stations will pump to the new facility and the force main connection the lift station to Hunt Highway will be abandoned. The proposed WWTP will serve the needs of the Copper Basin Community. The facility has agreed to service Bella Vista Farms which lies northeast of the site. Bella Vista is not expected to require service until the year 2003. Any other future subdivisions and commercial areas will make adjustments for site specific conditions as necessary.

The WWTP site will be located in the northeast corner, on the north side of the Southern Pacific Railroad, Section 27, Township 3 South, Range 8 East, G&SRM, Pinal County, Arizona. Access to the treatment plant site will be accomplished via the west side of Hunt Highway. Based on builder projections, the utility has anticipated that this site will be constructed and operating at full capacity within the next 6 years. The property is currently owned by entities associated with Copper Basin. Johnson Utilities will receive a deed to the parcel and construct the WWTP at a total build-out capacity of approximately 2.5 MGD.

Off site runoff will enter the site from the south and east. The western boundary is protected from offsite flows by the Union Pacific Railroad. Runoff from smaller drainage areas on the eastern side will be collected in channels and routed through or around the site. The proposed site is not within a 100 year flood zone. Onsite runoff that does not drain into the green belt will use designated facilities for detention. Treated effluent will be used for irrigation of golf courses, open spaces, and landscaped areas which will encourage and enhance outdoor recreational activities for the residents within the area.

The wastewater treatment plant proposed for Copper Basin will bring a variety of benefits to the area:

- Copper Basin will provide housing, recreational and employment opportunities for the residents of Pinal County.
- Development will increase the tax base without creating large infrastructure costs for the County.
- Copper Basin is located near a major transportation corridor which will allow for efficient use of the existing transportation infrastructure.

MYSTIC LAKE RANCH

Mystic Lake Ranch WWTP will generally be developed in four phases. A summary of the proposed phasing sequence by planning area is provided below.

PHASE	YEAR	INFRASTRUCTURE CAPACITY
A	2001-2005	Start of Project - Start-up of SBR Mechanical Treatment Plant and Effluent Re-use at the adjacent Golf Course, and wildlife area (0.5 MGD).
B	2004-2008	Addition of a 1 MGD Mechanical Treatment Effluent Reuse/Excess Discharge
C	2009-2015	Addition of a 0.5 MGD Mechanical Treatment Effluent Reuse/Excess Discharge
D	2015-2021	Estimated build out of the final 1 MGD is anticipated to be completed within the remaining 5 years for 4112 units. There will be no additional hook-ups after the 4112 units. Total build out will be 3 MGD, and is dependent on economic development trends over the next 20 years.

Johnson Utilities Company, will collect all wastewater with the completed facilities within the designated communities and deliver it to the proposed wastewater treatment plant site. The proposed site is located west of Hunt Highway, within the North Half (N ½) of Section 25, Township 4 South, Range 8 East, G&SRM, Pinal County, Arizona. Based on builder projections, the utility has anticipated that this site will be constructed and operating at full capacity within the next 15 years. The property is currently owned by Fox Hunt Properties, an affiliate of Johnson Utilities Co., L.L.C. Johnson Utilities will purchase and construct the WWTP at a total build-out capacity of

approximately 3 MGD. The facility will also provide service to Farley Farms and other adjacent subdivisions if requested within the Johnson Utilities CC&N areas.

Approximately two-thirds of the property will be impacted by the localized drainage from the buttes located on the north and west of the site. Flows running from east to west coalesce with a major wash located along the eastern portion of the site. The wash conveys water from north to south and drains a large watershed, typically referred to as the Gila River. The proposed site is not within a 100 year flood zone. Detention of offsite stormwater runoff will be achieved by utilizing golf course basins and turf retention.

The treated effluent will be used for irrigation of the golf course to be constructed at the project. The golf course will be located on the east and west sides of Hunt Highway and is spread throughout Sections 13, 23, 24, and 25 of Township 4 South and Range 8 East. The project is located entirely within the Pinal A.M.A. The golf course property is owned and will be operated by a company partnered with George H. Johnson, the utility owner. Initial irrigation of the golf course at Mystic Ranch will be provided by using existing irrigation wells. When the proposed wastewater treatment facility produces enough reclaimed water, the golf course will be irrigated entirely with the reclaimed water.

This wastewater treatment plant proposed for the Mystic Lake Ranch will bring several benefits to the area:

- Mystic Lake Ranch will provide housing, recreation and employment opportunities for the residents of Pinal county. The development will increase the tax base without creating infrastructure costs for the County.
- Mystic Lake Ranch will provide a master planned development with a variety of residential opportunities and some limited local commercial uses. The project will allow the County to continue to grow in a manner compatible with the County's Comprehensive Plan.
- Mystic Lake Ranch is located immediately adjacent to a major transportation corridor, which will allow for the efficient use of the existing transportation infrastructure.

SAN TAN HEIGHTS

San Tan Heights WWTP will be developed in four phases. A summary of the proposed phasing sequence by planning areas is provided below.

PHASE	YEAR	INFRASTRUCTURE CAPACITY
A	2001	Start of Project - Start-up of SBR Mechanical Treatment Plant and Effluent A portion of the reuse at the adjacent Golf Course at Johnson Ranch (0.5 MGD)
B	2003	Addition of a 0.5 MGD Mechanical Treatment Effluent Reuse/Excess Discharge
C	2008	Addition of a 0.50 MGD Mechanical Treatment Effluent Reuse/Excess Discharge
D	2021	Estimated build out of the final 0.50 MGD is anticipated to be completed within the remaining 10 years for 5266 homes. Total build out to 1.5 MGD is dependent on economic development trends over the next 20 years, however, when 5266 units are on the system no additional hookups will be allowed.

Johnson Utilities may provide the interim wastewater service by constructing a wastewater line from the existing line along Hunt Highway north to the San Tan Heights development. Phase one of this project would then be serviced by the existing Johnson Utilities WWTP, located at the Precision Golf Course site, or the main WWTP, while the new treatment facility was built. The WWTP may provide service to future subdivisions with in the Johnson Utilities CC& N areas if requested.

The Johnson Utilities Company, Wastewater Division, will collect all wastewater within the designated community and deliver it to the proposed wastewater treatment plant site. It is anticipated that most of the properties will gravity flow to the WWTP, and other areas will be serviced by a lift station. Drainage originates from the southwest, and flows to the northeast. The proposed site is not within a 100 year flood zone.

The site is located on the west side of Hunt Highway, in the center of Section 13 Township 3 South, Range 7 East, G&SRM, Pinal County, Arizona. The developer has identified the site as parcel 13 within their tentative plat. Based on builder projections, the utility has anticipated that this site will be constructed and operating at full capacity within the next 15 years. The property is currently owned by the San Tan Heights Development which has agreed to deed the site to Johnson Utilities Co., L.L.C. Johnson Utilities will purchase and construct the WWTP at a total build-out capacity of approximately 1.5 MGD.

The wastewater treatment plant proposed for San Tan Heights will bring several benefits to the area:

- San Tan Heights will provide housing and employment opportunities for the residents of Pinal County. It will also encourage recreational activities in the area, with access to the San Tan Regional Park.
- Development will increase the tax base without creating large infrastructure costs for the County.
- San Tan Heights will provide easy accessibility to major employment centers because it is located near a major transportation corridor which will allow for efficient use of the existing transportation infrastructure.

CIRCLE CROSS

Circle Cross WWTP will be developed in four phases. This plant will also provide service for three other developments outside the Circle Cross site. A summary of the proposed phasing sequence by planning areas is provided below.

PHASE	YEAR	INFRASTRUCTURE CAPACITY
A	2001	Start of Project - Start-up of SBR Mechanical Treatment Plant and Effluent Re-use at the adjacent Golf Course (1.5 MGD)
B	2005	Addition of a 1 MGD Mechanical Treatment Effluent Reuse/Excess Discharge
C	2010	Addition of a 1 MGD MGD Mechanical Treatment Effluent Reuse/Excess Discharge
D	2021	Estimated build out and construction of the final 2 MGD which is anticipated to be completed within the remaining 10 years for 4521 homes. Total build out to 5.5 MGD is dependent on economic development trends over the next 20 years.

It is anticipated that Circle Cross Ranch will start providing wastewater treatment service in 2001. The first phase will service approximately 1,200 units within the Circle Cross site and adjacent projects. It will also service approximately 300 units at Morning Sun Farms during the initial phase of the WWTP. Ware Farms will require service during the first phase for 400 units, and Johnson Farms is requesting wastewater service for approximately 200 units within the first phase of the Circle Cross WWTP. Other surrounding developments may be serviced within the Johnson Utilities CC&N area, if requested.

The homes in the southern portions of Circle Cross will drain to a proposed lift station located within the park in that portion of the development. The remainder of the project will drain to another lift station at the WWTP site. Other lift stations may be added to the plan if needed. The proposed Circle Cross WWTP is located within the Northwest part of Section 31 Township 2 South, Range 8 East, G&SRM, Pinal County, Arizona. The site is located northeast of Hunt Highway and situated southwest of the Southern Pacific Railroad. Access to the WWTP site will be from Vineyard Road on the east and Rittenhouse Road on the north sides of the project. Based on builder projections, the utility has anticipated that this site will be constructed and operating at full capacity within the next 20 years. The property is currently owned by an affiliate of El Dorado Holdings, but will be deeded to Johnson Utilities. Johnson Utilities will purchase and construct the WWTP at a total build-out capacity of approximately 5.5 MGD.

Drainage originates from the southeast portion of the development site, and flows to the northwest. The Sanokai Wash runs through the project and will be improved to accommodate storm water runoff through the site. The proposed WWTP site is not within a 100 year flood zone.

This wastewater treatment plant proposed for the Circle Cross Ranch will bring several benefits to the area:

- Circle Cross will provide housing, recreational and employment opportunities for the residents of Pinal County.
- The development will provide a master planned development with a variety of residential opportunities and some limited local commercial uses. The project will allow the County to continue to grow in a manner compatible with the County's Comprehensive Plan.
- Circle Cross is located near a major transportation corridor which will allow for efficient use of the existing transportation infrastructure.

All of the proposed plants will provide the following benefits for their respective sites:

- The effluent from the wastewater treatment plant will be required to meet effluent reuse standards for open-access golf courses and to meet Class B reclaimed water requirements, which is equivalent to secondary treatment and disinfection. In addition, effluent discharged to the waters of the U.S. through a NPDES Permit will be required if all effluent is not used on the golf courses and open space areas. A NPDES permit is not anticipated for this project, until the final phases of this site.
- A higher level of wastewater treatment will be provided, thus eliminating the potential for groundwater contamination from overuse of septic tanks and leach fields in the area.
- The treated effluent from the wastewater treatment plant will be of sufficient quality to be used for irrigation on the golf courses, and other open area facilities located adjacent to the project WWTP site, thus creating recreational opportunities.
- The existence of the wastewater treatment plants will allow the areas to accommodate growth without creating detrimental environmental situations due to a lack of infrastructure.
- All four proposed projects are close to Florence and East Mesa and provide a reasonable commute that will provide housing opportunities to satisfy current housing shortages.
- The employment opportunities in the southeast valley area are increasing with the development of Williams Gateway Airport and other significant employers. The developments will provide housing opportunities for the increased workforce needed.
- The residents of the four developments will add to the consumer tax base in the existing Pinal County area. The increase in the number of consumers will support growth of commercial development in Pinal County as well as increased sales tax revenues.

Landscaped open area parks and corridors throughout the developments, irrigated with properly treated effluent, will encourage and enhance outdoor recreational activities for the residents within the respective areas.

SECTION 4 - WASTEWATER FLOW PROJECTIONS

COPPER BASIN

Phase A of the sewage flows to this site consists of 2,500 residential units, Phase B consists of 2,550 residential units, Phase C adds 2,150 residential units, Phase D totals an additional 2,216 residential units.

Bella Vista: Phase A will service 500 residential units; Phase B will service 800 units; Phase C will service 400 units, and Phase D will service 527 units.

MYSTIC LAKE

Phase A of the sewage flows to this site consists of an initial 2,000 residential units, Phase B consists of 3,700 residential units, Phase C adds another 2,700 residential units, and Phase D incorporates the final 3,191 residential units.

Farley Farms: Phases A, B, and C will service 1,000 residential units each; Phase D will service 1,200 residential units.

SAN TAN HEIGHTS

Phase A of the sewage flows to this site will be from an initial 1,660 residential units, Phase B consists of another 1,660 residential units, Phase C adds an additional 1,100 units, and Phase D provides the final 1,100 residential units.

CIRCLE CROSS

Phase A of the sewage flows will be from the first 1,200 residential units, Phase B consists of 1,450 additional residential units, Phase C adds 1,700 residential units and, Phase D will include the final 946 residential units.

Ware Farms: Phases A, B, and C will service 400 residential units each; Phase D will service 642 residential units.

Morning Sun Farms: Phase A, B, and C will service 300 residential units each; Phase D will service 295 residential units.

Johnson Farms: Phase A will service 200 residential units; Phase B will service 800 residential units; Phase C will service 1,120 residential units; Phase D will service 798 residential units.

Pecan Ranch: Phase A will service 700 residential units; Phase B will service 1,500 residential units, Phase C will service 1,400 residential units; Phase D will service 1,100 residential units.

Home Place: Phases B and C will service 750 residential units each; Phase D will service 647 residential units.

Skyline Ranch: Phase A will service 285 residential units; Phases B and C will service 250 residential units.

In order to estimate the projected sewer flows for these areas of the Johnson Utilities service area, the criteria as outlined below was utilized. Flow estimates for family and adult retirement residential, commercial and school facilities were derived based upon historic flows near this area. These flow projections have recently been accepted by ADEQ for this area of the valley. The design criteria for the Johnson Utilities Company is as follows:

SEWER PLANNING CRITERIA

- 90 GPCD for all residential areas requiring sewers
- 1.8 persons/D.U. for all Adult Community Residences
- 2.6 persons/D.U. for all Family Community Residences
- 1,000 GPAD for all commercial and school areas (ADF)
- 3.0 Peaking Factor for all commercial and school areas (PDWF)
- 250 GPAD for wet weather flow infiltration

SECTION 5 - WASTEWATER SYSTEM INFRASTRUCTURE REQUIREMENTS

COPPER BASIN

The Copper Basin Project is located in a relatively flat valley land near the Magma Railroad junction. Historically, the site has been used for ranching and farming. There is one major drainage course passing through the site. The proposed sewer treatment plant site is located north of the Union Pacific Railroad, in the northeastern part of Section 27, Township 3 South, Range 8 East, G&SRM.

Lift stations are being developed to pump to the force main adjacent to Hunt Highway. When the WWTP is completed, lift stations will pump to the new treatment facility.

MYSTIC LAKE RANCH

Mystic Lake Ranch consists of gentle topography throughout the site which is covered primarily by desert scrub close to the San Tan Mountain Regional Park. Three major drainage courses pass through the site. Hunt Highway passes diagonally through the property from north to south.

Mystic Lake Ranch will be primarily served by gravity sewer mains. The gravity sewer main sizes have been determined and designed (*See Exhibit 4b*). The proposed lift station pumps will convey the collected wastewater to the wastewater treatment plant site located in the north half of Section 25, Township 4 South, Range 8 East G&SRM.

The wastewater will be treated to "open access" reuse standards. The treated effluent will be pumped by a reclaimed pump station to the golf course for turf irrigation and the habitat areas for plantings. Detention of offsite stormwater runoff will be achieved by utilizing golf course basins and turf retention. Basins will be used to intercept onsite stormwater runoff.

SAN TAN HEIGHTS

The proposed San Tan Heights Development is bordered by two major arterials, Hunt Highway and Thompson Road. The site borders the San Tan Mountain preserve with eight major drainage ways passing through the property. The 320 acre parcel to the southwest of the main parcel will be connected to San Tan Heights via horse trails, greenbelts and roadway connections.

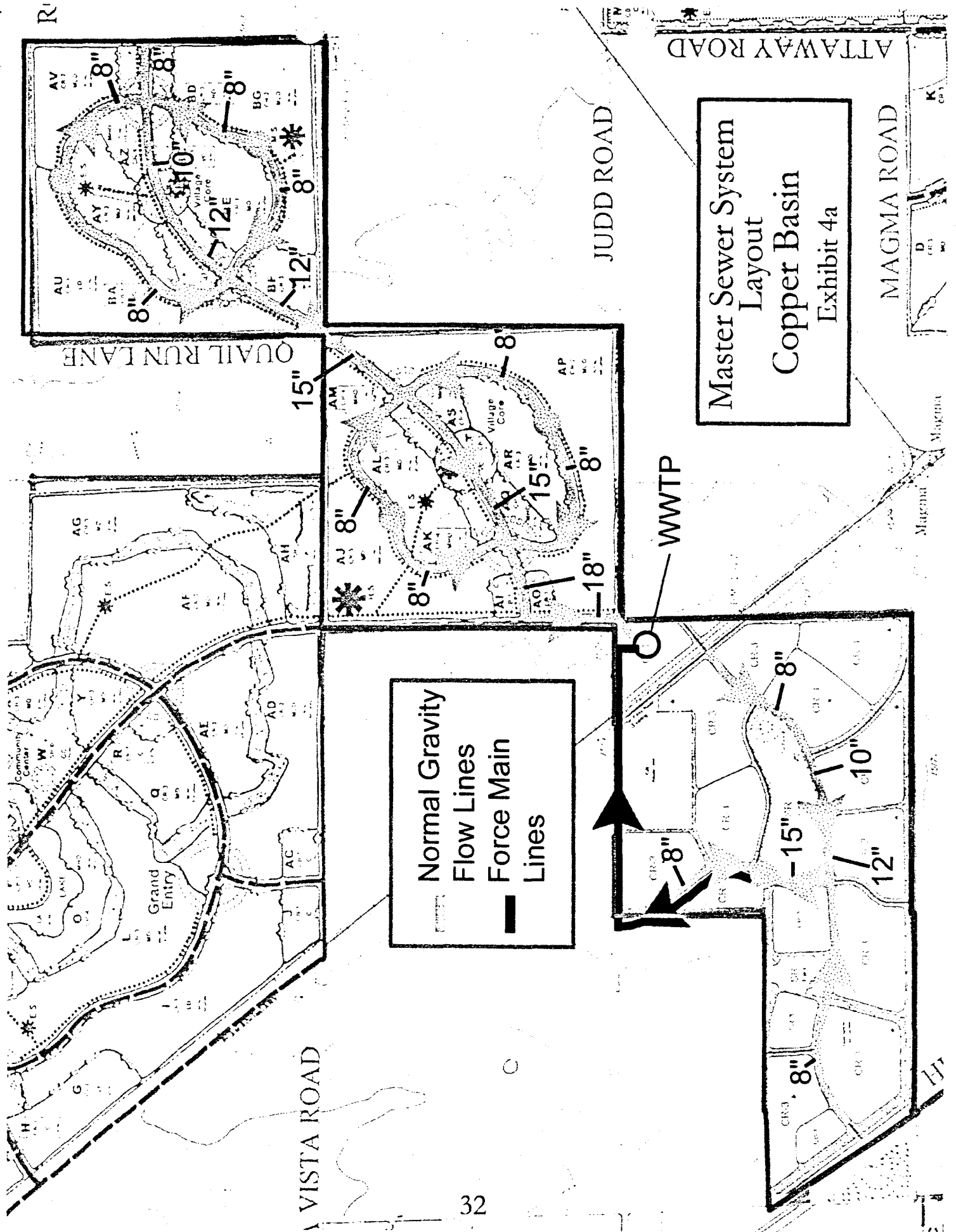
The wastewater treatment facility will be located on a 5-acre parcel south of Hunt Highway in Section 13, Township 3 South, Range 7 East, G&SRM. A major portion of this development will conserve open space, including the eight drainage ways. Portions of the open space will provide stormwater retention, as well as serve as areas for recreational activities.

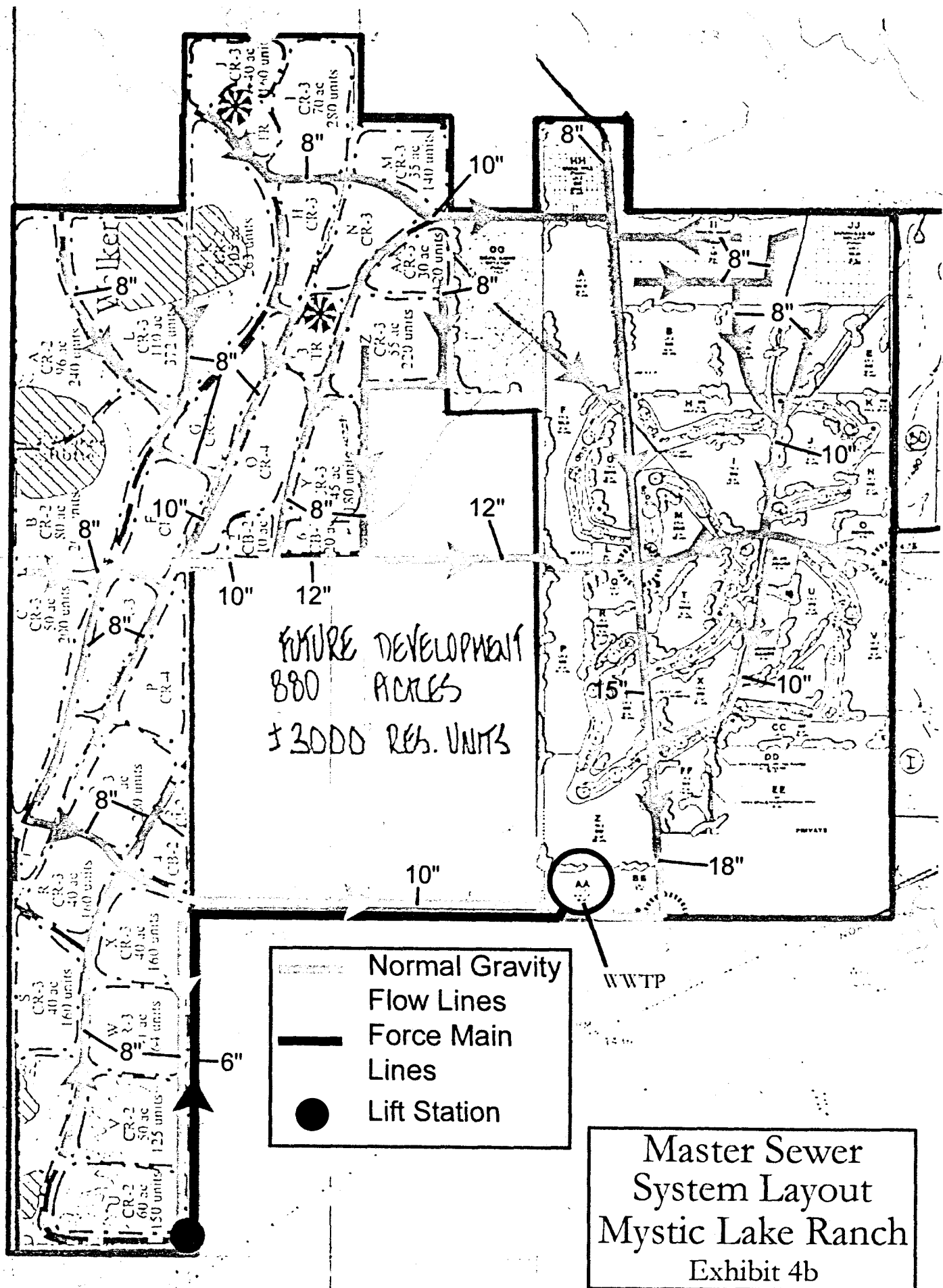
CIRCLE CROSS RANCH

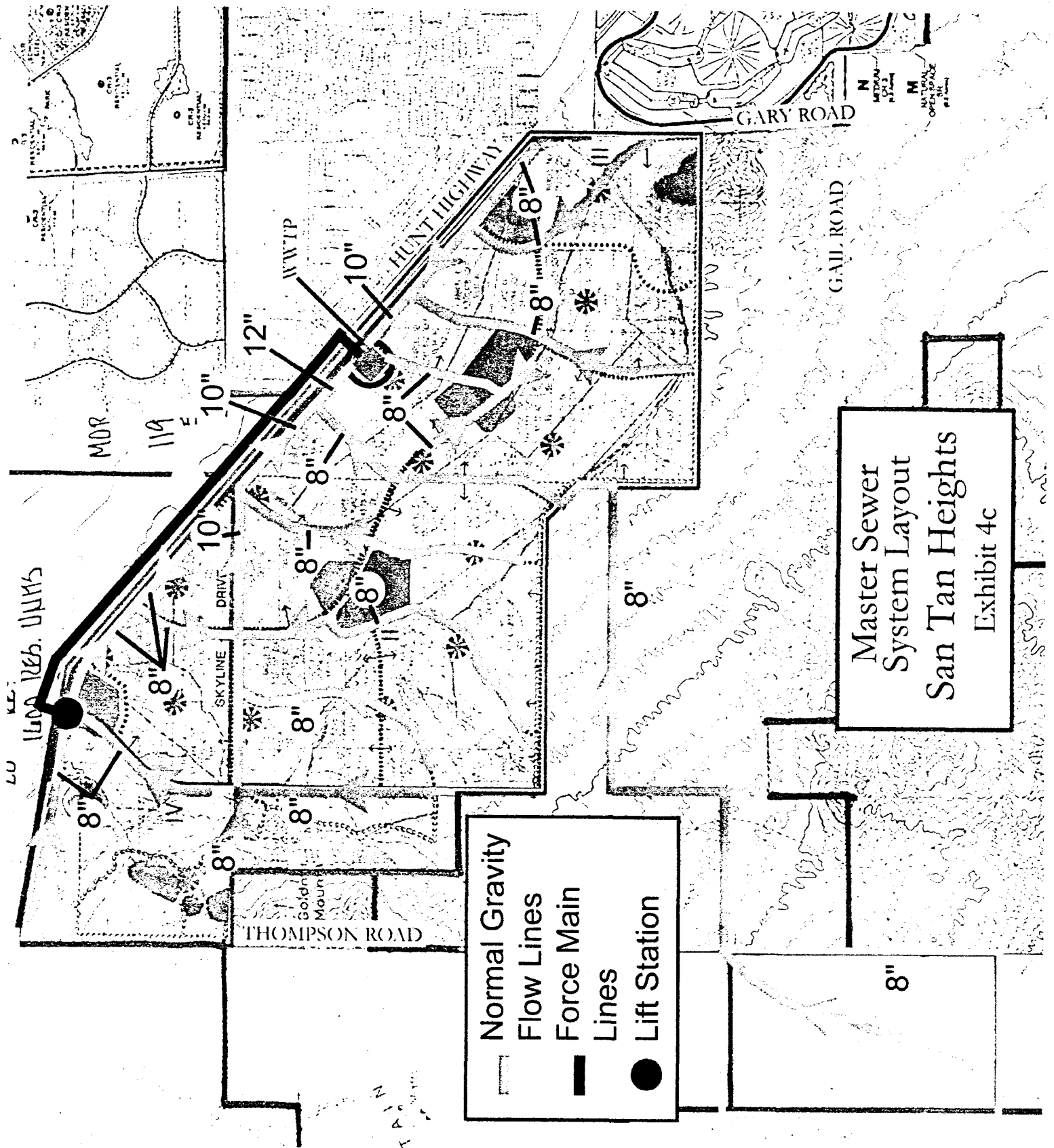
Circle Cross Ranch is located on agricultural land, a portion of which was used for a cattle feeding operation. The site is in the southeast quadrant of the intersection of Empire Boulevard (Hash Knife Draw Road) and Meridian (Gary) Road. Drainage originates from the southeast and flows to the northwest. The San Tan Mountains are three miles southwest of the property. The proposed sewer treatment plant site is located within the northwest part of Section 31 Township 2 South, Range 8 East, along the southwest side of the Southern Pacific Railroad.

All wastewater treatment facilities will be primarily served by gravity sewer mains where possible and a force main where needed. The sewer lift stations will lift all flows from the gravity sewer collection system into the headworks of the treatment plant facility. The influent sewer lift stations will be constructed and upgraded to match the capacity increments of the future wastewater treatment plants as required. The sewer lift stations will be designed using duplex pumps, backup power, and all required facilities to meet ADEQ Bulletin 11 design standards. The actual timing and sizing of the wastewater collection systems will depend on phased construction of the projects. The wastewater generation estimates for family and adult residential and commercial uses were derived based on historic flows near these areas.

All treatment plant facilities will be sized to treat the average daily flow (ADF) and accept peak wet weather flows (PWWF) without disrupting the treatment plant process. The wastewater will be treated to "open access" reuse standards. The treated effluent will be pumped by a reclaimed pump station to the planned reuse areas for the four project sites for golf courses, parks, greenbelts and other turf irrigation. The utilities will be requesting reuse permits approved by ADEQ for the four sites to irrigate at a average rate of 1.5 to 5.5 MGD, based on the individual projects.





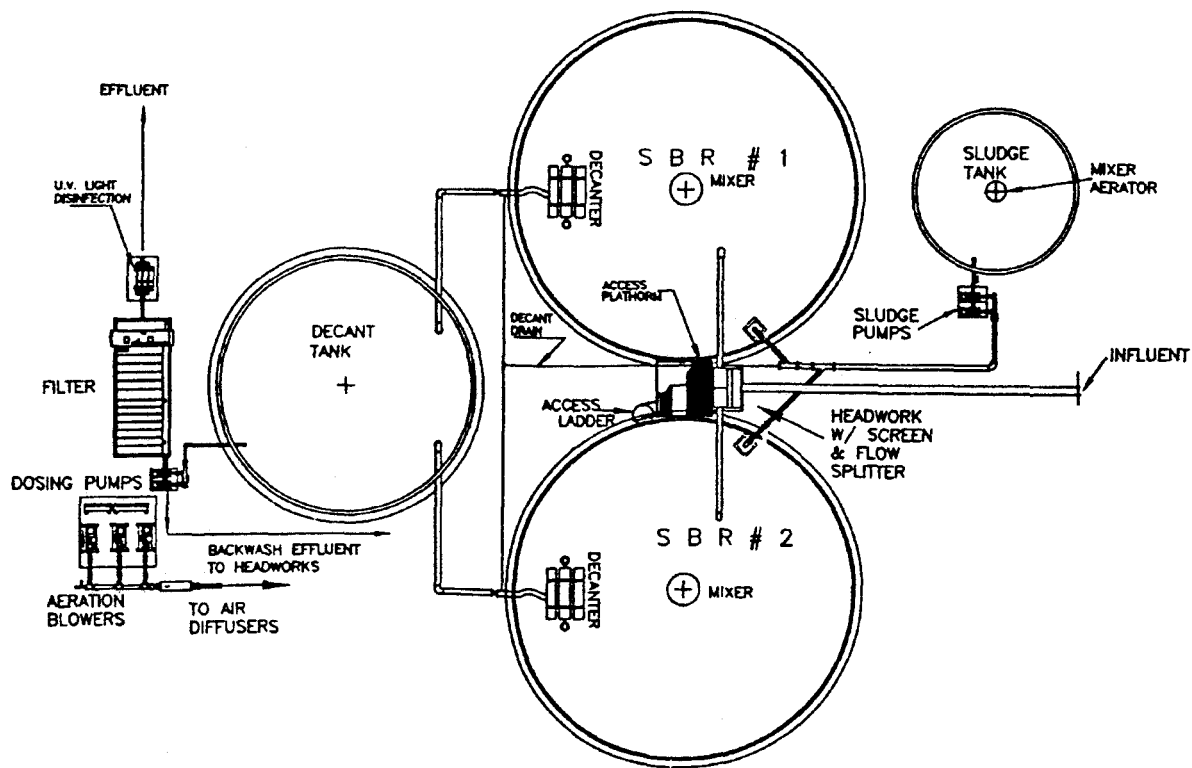
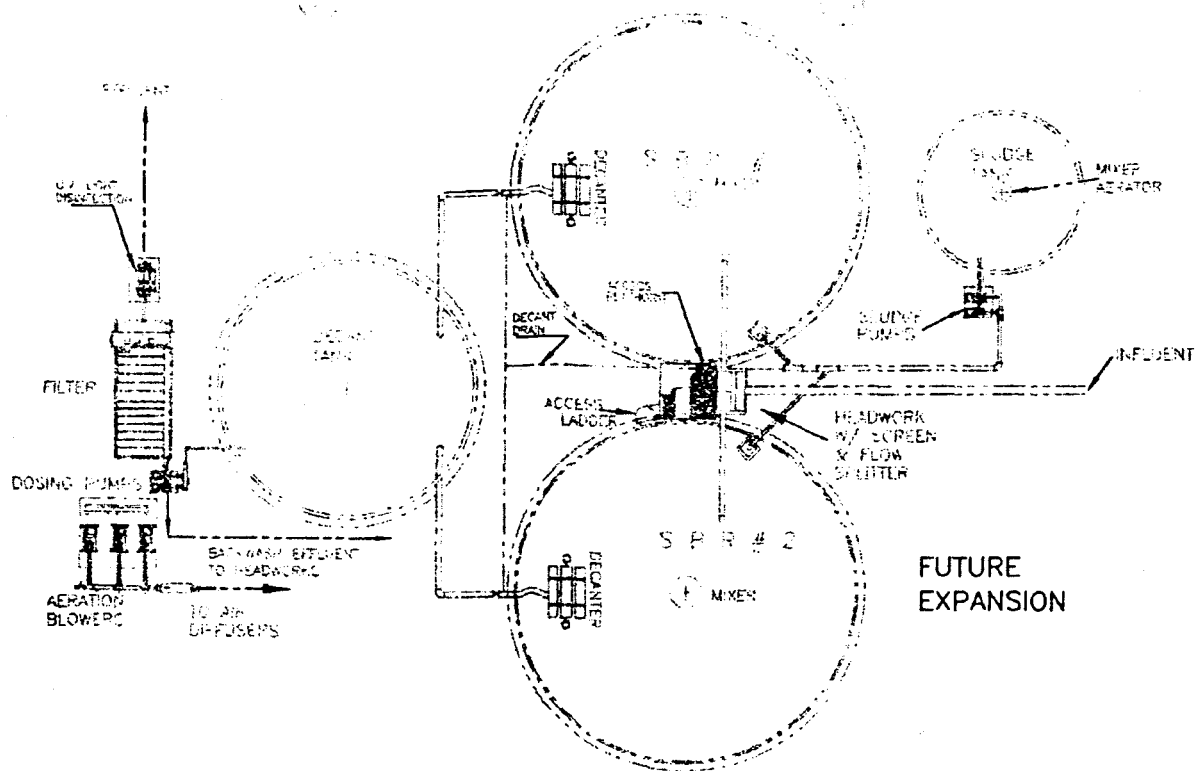


Master Sewer
System Layout
San Tan Heights
Exhibit 4c

Exhibit 5, Wastewater Treatment Plant Site Layout, shows the general layout which will be typical for all four of the proposed wastewater treatment plants. All plants will be constructed and phased per service needs as the each project develops. The main differences in these plants will be in the size of the total build out, and the phasing of the individual plants, as proposed for the site plan. Phase A of all the facilities will typically consist of an influent pump station, inlet headworks, and a SBR mechanical Wastewater Treatment Plant having an initial capacity of 0.5 to 1 MGD. During the initial phase, the volume of effluent generated will be less than the reuse area requirements. This will be supplemented with ground water until the volume of effluent meets the golf course requirement and/or turf irrigation needs. Phases B through D of the mechanical treatment facilities will consist of project phasing as discussed in Section 3 of this document.

Johnson Utilities has initiated and anticipated financial requirements for the construction of the mechanical plants in anticipation of developers needs for these areas. The utility has committed to installing the mechanical plants at the proposed sites as soon as permitted. Allenco and Johnson Utilities will construct the plants. All of the plants are anticipated to be operational by 2006 at the latest.

It is anticipated that the four projects will use all of the reclaimed water produced from the sites wastewater treatment plants. These projects will require Aquifer Protection Permits (APP) permits for the Main Package Plants and reuse and individual APP. The developer is integrating the recreational areas, such as golf courses, wetlands, parks and recreational lakes, for all sites into the layout for homes, therefore the areas will not be fenced and the reuse effluent will meet open access requirements. If excess flows are experienced during portions of the winter months, effluent will be stored within the golf course lakes, wetlands, man-made lakes, or used on landscape areas within the community. Effluent discharges in to the waters of the United States is not anticipated.



Typical Wastewater
Treatment Plant Layout
Exhibit 6



SECTION 6 - PERMITTING REQUIREMENTS

The following is a summary of the permitting requirements and processes that are required for the wastewater treatment plant facilities.

A. Aquifer Protection Permit (APP)

The State Aquifer Protection Permit (APP) Program was established by the Environmental Quality Act (EQA) and is primarily designed to regulate facilities that may discharge to the aquifer. Proof of Best Available Demonstration Control Technology (BADCT) is required. Achievement of BADCT for a wastewater treatment plant facility is outlined in the BADCT guidance document as provided by the Arizona Department of Environmental Quality. An APP permit will be applied for in 2001. These plants will generate the maximum effluent re-use flow permitted by the permit.

B. Effluent Reuse Permit

An Effluent Reuse Permit will be filed with the Arizona Department of Environmental Quality concurrent with the Aquifer Protection Permit Application. A copy of the existing Effluent Reuse Permits will be included in the Appendix. Modifications to this permit will be made as required.

C. Section 208 Plan Amendment

In accordance with Section 208 of the Clean Water Act, an Area Wide Water Quality Management Plan was prepared for the Central Arizona Association of Governments (CAAG). The Water Quality Management Plan has continually been updated through several Plan Amendments and updates. This document will serve as the 208 Water Quality Plan Amendment for Copper Basin, Mystic Lake Ranch, San Tan Heights, and Circle Cross Ranch. All facilities will be serviced and managed by Johnson Utilities Company, L.L.C.

The Central Arizona Association of Governments (CAAG) is a Designated Area-wide Water Quality Management Planning Agency for Pinal and Gila Counties.

D. National Pollution Discharge Elimination System Permit (NPDES)

A NPDES permit is required for wastewater effluent planned to be discharged to surface waters of the United States. A NPDES Permit for effluent discharges to the waters of the United States is not anticipated to be required for these projects.

A pre-treatment program will be established in conformance with the Clean Water Act (CWA) for non-domestic wastes. The pre-treatment program will consist of chlorination and de-chlorination of effluent prior to discharge which will determine which non-domestic users should be regulated.

The NPDES program also regulates sewage sludge under Section 405 of the Clean Water Act (CWA). Part 503 in the Clean Water Act (CWA) controls the quality of sewage sludge that may be applied to land, distributed and marketed, placed in a sludge disposal facility, or fired in a sewage sludge incinerator. The sludge generated at the proposed wastewater treatment plant will be disposed of at an operating landfill certified by the state to handle and dispose of sludge from wastewater treatment plants. Protection of the ground water at the landfill location will be provided by the landfill facilities. The closest landfill which can accept sludge for disposal is:

Butterfield Station Municipal Solid Waste Landfill
99th Avenue, one mile north of Highway 238
Mobile, Arizona

Operated by:

Waste Management, Inc.
2425 South 40th Street
Phoenix, Arizona 85034
Phone: (602) 256-0630

In discussions with Waste Management, Inc., they anticipate having sufficient disposal capacity to handle the disposal needs of the region for the next 50 years. A NPDES Permit for sludge disposal will not be required by the utility.

A NPDES Stormwater Pollution Prevention Permit will be required for the treatment plant site work. The contractor for the facilities is responsible to obey all NPDES Permit regulations as they apply to construction sites and potential surface water and groundwater contamination. All hazardous materials and potential pollutants shall be stored onsite in appropriate storage areas which are constructed to contain any spills or runoff of hazardous materials. Appropriate sites are to be provided for the washing of construction equipment and capture of the runoff. Retention basins, silt traps, and other sediment barriers are to be provided at the site to filter sediment from storm runoff leaving the site. The contractor shall keep the site clean and have covered dumpsters onsite which are emptied on a regular basis.

E. Wastewater System Technical Review

The technical review process consists of submitting a design report and detailed construction plans for the plant site, treatment plant design, required plant details and associated facilities. The plans will be prepared to be in conformance with Engineering Bulletin No. 11, and the latest version of ACC Title 18 Chapter 9, as issued by the Arizona Department of Environmental Quality.

F. Local Floodplain and Drainage Regulations

The four sites, when entirely built out, are designed to discharge runoff at a rate equal to or less than the current runoff rate as undeveloped property. The drainage concept for the four sites, Copper Basin, Mystic Lake Ranch, San Tan Heights and Circle Cross Ranch, requires that all runoff be directed toward retention/detention basins within the golf course

or designated sites. Runoff will be stored in the basins, allowing sediment to settle out, and then be released into the natural drainage courses in a controlled manner. This type of retention/detention drainage concept will be utilized within the four proposed WWTP sites. The retention basins will be landscaped in such a way as to provide bio-filtration of the first-flush storm runoff. In order to eliminate non-point discharges from the golf courses, the golf courses have been designed to retain runoff within swales built into the fairways.

SECTION 7 - PROJECT FINANCING

The cost for wastewater treatment plant facilities will be provided in part through line extension agreements between the developers and Johnson Utilities, and connection fees. The Company was formed as an Arizona limited liability company and has been approved by the Arizona Corporation Commission (ACC) to provide Certificates of Convenience and Necessity (CC&N) for water and wastewater service to this development. As a public service corporation, the Company is required to obtain prior approval of all long-term financing pursuant to A.R.S. 40-301 et.seq.

The long-term debt and the managing membership funds will be provided by the Utility, who is serving this project. The associate membership funds will be provided by substantial homebuilders who acquire given subdivisions within the development and who will also pay the costs associated with the utility facilities for that subdivision as part of the acquisition cost. Developer payments will cover all costs for onsite facilities, plus a portion of the common facilities needed to serve that subdivision.

As a condition of the Certificate of Convenience and Necessity, the Commission has established the rates at which the Company can charge customers for provisions of the utility services. Those rates include all pro forma costs associated with the operation and maintenance of the wastewater facilities. As operating costs change over the years, the Company will apply to the Commission for adjustments in those rates to cover all operation and maintenance expenses as well as a return on the investment the Company has made in the utility facilities.

APPENDIX

Reclaimed Wastewater Re-Use Permit Authorization

Aquifer Protection Permit Authorization

208 Amendment Checklist

ACC CC&N

April , 2001

**AMENDMENT NO. 4
208 AMENDMENTS CHECKLIST
SECTION 208, CLEAN WATER ACT**

AUTHORITY

1. **Requirement:** - Proposed Designated Management Agency (DMA) shall self-certify that it has the authorities required by Section 208(c)(2) of the Clean Water Act to implement the plan for its proposed planning and service areas. Self-certification shall be in the form of a legal opinion by the DMA or entity attorney.

Summary: Johnson Utility Company shall have proper right and authority to provide water and wastewater utility service by virtue of the approval by the Arizona Corporation Commission of their application for Certificate of Convenience and Necessity. Certification from the Arizona Corporation Commission will be required before 208 Plan Amendment approval.

Addressed on Page: 10.

20-YEAR NEEDS

2. **Requirement::** - Clearly describe the existing wastewater (WW) treatment facilities:

 - Describe the existing WWTP facilities.

Summary: Currently, there are no existing facilities on these four sites. A WWTP is proposed for each site. All plants will be SBR treatment plants. The Copper Basin plant will have a total capacity of 2.5 MGD, the Mystic Lake Ranch will have a total capacity of 2.5 MGD, the San Tan Heights plant will have a total capacity of 1.5 MGD, and the Circle Cross Ranch will have a total capacity of 5.5MGD.

Addressed on Page: 10, 17 - 26.

3. **Requirement::** - Show WWTP certified and service areas for private utilities and sanitary district boundaries if appropriate.

Summary: Johnson Utilities Company has been formed as a utility company registered with the Arizona Corporation Commission to provide water and sewer service for the Johnson Ranch area. The existing CC&N boundaries are as shown on Exhibit 2.

Addressed on Page: 12

4. **Requirement::** Clearly describe alternatives and the recommended WWTP plan:
- Provide POPTAC population estimates (or COG-approved estimates only where POPTAC not available) over 20-year period.

Summary: The total planning area for Copper Basin encompasses 851 total acres and will include approximately 2,989 dwelling units. Planning area for Mystic Lake Ranch totals 1,240 acres with 4,112 dwelling units. San Tan Heights consists of 2,184 acres with 5,266 single family homes. The Circle Cross development will cover approximately 1,409 acres with an estimated 5,269 dwelling units. All projects will be developed in approximately three to four phases consisting primarily of family and adult residential property. The proposed wastewater treatment plants will provide wastewater treatment service for all domestic wastewater flows from each of the four separate sites and provide treated effluent to the proposed golf courses, wetlands, and turf irrigation.

Addressed on Page: 1 - 3, and 27 - 28.

5. **Requirement::** - Provide wastewater flow estimates over the 20-year planning period.

Summary: Wastewater flow estimates are: 2.6 per/D.U. x 90 GPCD = 234 Gal/D.U.

Treatment facility estimates are:
Copper Basin, 2.5 MGD; Mystic Lake Ranch, 2.5 MGD; San Tan Heights, 1.5 MGD; and Circle Cross, 5.5MGD.
It is anticipated that the wastewater treatment facilities will be at full capacity within the next 15 to 20 years.

Addressed on Page: 27 and 28.

6. **Requirement::** - Illustrate the WWT planning and service areas.

Summary: These WWTPs will service Copper Basin, Mystic Lake Ranch, San Tan Heights, and Circle Cross projects and future developments adjacent to these projects within the CC&N areas.

Addressed on Page: 5 - 10 and Exhibits 3a - 3d, 4a - 4d.

7. **Requirement::** - Describe the type and capacity of the recommended WWTP Plant.

Summary: All WWTP will be sized for a total capacity of 1.5 MGD to 5.5 MGD, depending on site location. All plants will be SBR mechanical extended aeration plants with effluent reuse on turf areas.

Addressed on Page: 17 - 25, 30 - 31, and 36.

8. **Requirement::** - Identify water quality problems, consider alternative control measures, and recommend solution for implementation.

Summary: The effluent from the wastewater treatment plant will be required to meet effluent reuse standards for open-access golf courses and to meet Class D reclaimed water requirements, which is equivalent to secondary treatment and disinfection. In addition, effluent discharged to the waters of the U.S. through a NPDES Permit will be required if all effluent is not used on golf courses or turf areas. A NPDES permit is not anticipated for these projects.

Addressed on Page: 25, 26, 30, 31, 36 and 41.

9. **Requirement:** - If private WWTP utilities with certificated areas are within the proposed regional service area, define who (municipal or private utility) serves what area and when. Identify whose sewer lines can be approved in what areas and when?

Summary: The Copper Basin, Mystic Lake Ranch, San Tan Heights, and Circle Cross projects are located within the existing sewer and water certificated areas of Johnson Utilities, L.L.C.

Addressed on Page: Exhibit 2

10. **Requirement::** - Describe method of effluent disposal and reuse sites (if appropriate).

Summary: The treated effluent will be used for irrigation of the golf courses that have been constructed within the projects as well as irrigation uses within other open spaces and landscaping within the developments.

Addressed on Page: 25, 26, 36, and 41.

11. **Requirement::** - If Sanitary Districts are within a proposed planning or service area, describe who serves the Sanitary Districts and when.

Summary: There are no existing Sanitary Districts in the proximity of the Copper Basin, Mystic Lake Ranch, San Tan Heights, and Circle Cross projects, other than Johnson Utilities, L.L.C.

Addressed on Page: 10.

12. **Requirement::** - Describe the ownership of land proposed for plant sites and reuse areas.

Summary: The proposed sites for the wastewater treatment plants are owned by various entities. The reuse areas (golf course, open space, etc.) is currently owned by the corresponding entity. George H. Johnson, is the owner of Johnson Utilities Co., L.L.C.

Addressed on Page: 10, 19, 21, 23, and 25.

13. **Requirement::** - Address time frames in the development of the treatment works.

Summary: The first phase, phase A, of the WWTPs will initially commence operation in 2001. All projects are expected to be completed within the next 5 years.

Addressed on Page: 17 - 25.

14. **Requirement::** - Address financial constraints in the development of the treatment works.

Summary: The project financing for Johnson Utilities is described within Section 7, Project Financing.

Addressed on Page: 43.

15. **Requirement::** - Describe how discharges will comply with EPA municipal and industrial stormwater discharge regulations (Section 405, CWA).

Summary: All runoff will be directed through landscaped retention basins along with sediment removal and bio-filtration.

Addressed on Page: 25, 26, 36, and 41.

16. **Requirement::** - Describe how open areas and recreational opportunities will result from improved water quality and how those will be used.

Summary: Effluent treated to the required standards will be used to irrigate the golf course, neighborhood parks, trails and other open activity areas, thus encouraging recreational opportunities for the area residents.

Addressed on Page: 25, 26, and 31.

17. **Requirement::** - Describe potential use of lands associated with treatment works and increased access to water-based recreation, if applicable.

Summary: The property contained within the required setbacks will be used for acceptable non-residential uses such as Golf Course corridors which will provide beneficial activities and services to the area residents. Additional uses will include equestrian facilities, RV storage and open activity areas.

Addressed on Page: 5 - 10, and 26.

REGULATIONS

18. **Requirement::** - Describe types of permits needed, including NPDES, APP and reuse.

Summary: Permits required for the project include an Individual Aquifer Protection Program Permit (APP), and an Effluent Reuse Permit. The APP and Re-use Permit will be applied for in 2001. A National Pollution Discharge Elimination System Permit for effluent discharge and sludge disposal will not be required. A Stormwater Pollution Permit will be applied for as part of the grading permit application.

Addressed on Page: 39 - 43.

19. **Requirement::** - Describe restrictions on NPDES permits, if needed, for discharge and sludge disposal.

Summary: A NPDES Permit for discharge will is not anticipated for this project.

Addressed on Page: 40.

20. **Requirement::** - Provide documentation of communication with ADEQ Permitting Section 30 to 60 days prior to public hearing regarding the need for specific permits.

Summary: Meetings have been held with representatives from the ADEQ Permitting Section, and representatives of CAAG throughout the development of this plan.

Addressed on Page: N/A.

21. **Requirement::** - Describe pre-treatment requirements and method of adherence to requirements (Section 208 (b)(2)(D), CWA).

Summary: A pre-treatment program has been proposed in conformance with the Clean Water Act for Non-Domestic Waste.

Addressed on Page: 40.

22. **Requirement::** - Identify, if appropriate, specific pollutants that will be produced from excavations and procedures that will protect ground and surface water quality (Section 208 (b)(2)(K) and Section 304, CWA).

Summary: A NPDES Stormwater Pollution Prevention Permit will be obtained by the contractor prior to all construction of facilities within the proposed construction sites.

Addressed on Page: 41.

23. **Requirement::** - Describe alternatives and recommendation in the disposition of sludge generated. (Section 405 CWA)
- Summary:** Sludge will be disposed of at a landfill which is state certified to accept wastewater sludge. Butterfield Station, located in Mobile, Arizona, will accept sludge from the wastewater treatment plant for disposal.
- Addressed on Page:** 40.
24. **Requirement::** - Define any non-point issues related to the proposed facility and outline procedures to control them.
- Summary:** The only opportunity for non-point discharges is from the golf courses. The courses have been designed to retain runoff within the fairways and corridors.
- Addressed on Page:** 41.
25. **Requirement::** - Define the process to handle all mining runoff, orphan sites and underground pollutants, if applicable.
- Summary:** Not applicable. There are no mining activities involved within this project.
- Addressed on Page:** N/A.
26. **Requirement::** - If mining related, define where collection of pollutants has occurred, and what procedures are going to be initiated to contain contaminated areas.
- Summary:** Not applicable. There are no mining activities involved within this project.
- Addressed on Page:** N/A.
27. **Requirement::** - If mining related, define what specialized procedures will be initiated for orphan sites, if applicable.
- Summary:** Not applicable. There are no mining activities involved within this project.
- Addressed on Page:** N/A.

CONSTRUCTION

28. **Requirement::** - Define construction priorities and time schedules for initiation and completion.

Summary: The first WWTP will be built starting in 2001, and all four projects should be completed by 2006.

Addressed on Page: 18, 20, 22, 24, and 36.

29. **Requirement::** - Identify agencies who will construct, operate and maintain the facilities and otherwise carry out the plan.

Summary: Johnson Utilities will provide water and sewer service for the Johnson Ranch Project. Johnson Utilities will construct, operate and maintain the water and sewer facilities.

Addressed on Page: 10, 19, 21, 23, and 25.

30. **Requirement::** - Identify construction activity-related sources of pollution and set forth procedures and methods to control, to the extent feasible, such sources.

Summary: The contractor shall comply with NPDES and OSHA Permit regulations as they apply to construction activities and materials.

Addressed on Page: 41.

FINANCING AND OTHER MEASURES NECESSARY TO CARRY OUT THE PLAN

31. **Requirement::** - If plan proposes to take over certificated private utility, describe how, when and financing will be managed.

Summary: This item is not applicable. Johnson Utilities is the utility company approved by ACC.

Addressed on Page: 41.

32. **Requirement::** - Describe any significant measure necessary to carry out the plan, e.g., institutional, financial, economic, etc.

Summary: The project financing for Johnson Utilities is described within Section 7, Project Financing. The CC&N has been approved by the ACC.

Addressed on Page: 27 and 43.

33. **Requirement::** - Describe proposed method(s) of community financing.

Summary: The project financing for Johnson Utilities is described within Section 7, Project Financing.

Addressed on Page: 43.

34. **Requirement::** - Provide financial information to assure DMA has financial capability to operate and maintain wastewater system over its useful life.

Summary: Although Johnson Utilities is not a DMA, the project financing for Johnson Utilities is described within Section 7, Project Financing.

Addressed on Page: 43.

35. **Requirement::** - Provide a time line outlining period of time necessary for carrying out plan implementation.

Summary: The Builders have estimated 5 years for the four projects to be built out. At full buildout, the wastewater treatment plants will have a capacity of 2.5 MGD (Copper Basin), 2.5 MGD (Mystic Lake Ranch), 1.5 MGD (San Tan Heights), and 5.5 MGD (Circle Cross Ranch) to serve the needs of the four projects. Treatment and collection capacity will be built in phases to match the growth of each facility. It is anticipated that these plants will be operating at 100% efficiency within the next 15 to 20 years.

Addressed on Page: 17 - 25.

36. **Requirement::** -Provide financial information indicating the method and measures necessary to achieve project financing. (Section 201 CWA or Section 604 may apply.)

Summary: The project financing for Johnson Utilities is described within Section 7, Project Financing.

Addressed on Page: 43.

IMPLEMENTABILITY

37. **Requirement::** Describe impacts and implementability of Plan:

- Describe impacts on existing wastewater (WW) facilities, e.g., sanitary district, infrastructure/facilities and certificated areas.

Summary: There are no sanitary districts within the area, and the existing wastewater treatment facilities are owned and operated by Johnson Utilities Co., L.L.C. Johnson Utilities is currently serving a portion of the certificated area, and the development of the four WWTP will allow for expansion of its treatment capabilities.

Addressed on Page: 1, 2 and 10.

38. **Requirement:** - Describe how and when existing package plants will be connected to a regional system.

Summary: There are no existing regional wastewater treatment plants within the area of Johnson Ranch, and the system will therefore not be connected to one.

Addressed on Page: 1, 2 and 10.

39. Requirement: - Describe the impact on communities and businesses affected by the plan.

Summary: The proposed wastewater treatment plants will have a beneficial affect on the area by providing better treatment of wastewater, eliminating a potential source of groundwater contamination, creating capacity for growth by providing the necessary infrastructure and creating recreational areas by the reuse of treated effluent as an irrigation source. The facilities also make housing available for the work force in the Florence area and creates employment opportunities in the southeast valley area.

Addressed on Page: 19, 21, 23, 25, and 26.

40. Requirement:: - If a municipal wastewater (WWT) system is proposed, describe how WWT service will be provided until the municipal system is completed; i.e., will package plants and septic systems be allowed and under what circumstances. (Interim services.)

Summary: Sewer service will be provided during the first development phase of Copper Basin and San Tan Heights by the existing Johnson Utilities WWTP. When the proposed plants are completed, the Johnson Ranch facility will discontinue service to the area. The initial phases, subsequent phases of the latter, SBR mechanical treatment facilities will be operational before the proposed subdivisions are developed. It is anticipated the mechanical treatment plants will be operational by 2006.

Addressed on Page: 18 and 22.

PUBLIC PARTICIPATION

41. Requirement:: - Submit copy of mailing list used to notify the public of the public hearing on the 208 amendment. (40 CFR, Chapter 1, Part 25.5)

Summary: Provided by CAAG.

Addressed on Page: N/A.

42. Requirement: - List location where documents are available for review at least 30 days before public hearing.

Summary: Provided by CAAG.

Addressed on Page: N/A.

43. **Requirement::** - Submit copy of the public notice of the public hearing as well as an official affidavit of publication from the area newspaper. Clearly show the announcement appeared in the newspaper at least 45 days before the hearing.

Summary: Provided by CAAG.

Addressed on Page: N/A.

44. **Requirement::** - Submit affidavit of publication for official newspaper publication.

Summary: Provided by CAAG.

Addressed on Page: N/A.

45. **Requirement::** - Submit responsiveness summary for public hearing.

Summary: Provided by CAAG.

Addressed on Page: N/A.

2

PHASE I**PRELIMINARY CONSTRUCTION ESTIMATE****PROJECT: CIRCLE CROSS SEWER MAIN****DATE: JUNE 11 2001****PROJECT NO. 1 971A012****NO. of LOTS: DOES NOT APPLY****BY: JOHNSON RANCH UTILITIES INC**

Description	Unit	Approximate Quantity	Unit Price	TOTAL
0.5 MG SBR WWTP	EA	1	\$ 1,000,000.00	\$1,000,000.00
18" ASTM D3034 SDR35 PVC	LF	5,280	\$ 45.00	\$237,600.00
15" ASTM D3034 SDR35 PVC	LF	11,650	\$ 38.00	\$442,700.00
12" ASTM D3034 SDR35 PVC	LF	19,800	\$ 30.00	\$594,000.00
10" ASTM D3034 SDR35 PVC	LF	10,760	\$ 25.00	\$269,000.00
8" ASTM D3034 SDR35 PVC	LF	1,000	\$ 19.00	\$19,000.00
5' DIAMETER MANHOLE, TYPE "A" TOP	EA	45	\$ 2,200.00	\$99,000.00
4' DIAMETER MANHOLE, TYPE "A" TOP	EA	65	\$ 1,600.00	\$104,000.00
10" PLUG	EA	8	\$ 200.00	\$1,600.00
8" PLUG	EA	15	\$ 150.00	\$2,250.00
	SUBTOTAL			\$2,769,150.00
15% CONTINGENCY				\$415,372.50
	TOTAL			\$3,184,522.50

6/11/2001

W:/195071UTILITIES/CSTEST/CCCESTSWR.

3



SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Facility: JOHNSON RANCH WWTP

Invnum: 103081

Point No: A03175

Point Name: INFLUENT PUMP STATION

Latitude: 330918.000

Longitude: 1113326.000

Permit: P103081

Township:

Range :

From: 01/01/01

Section :

Quarter :

To: 03/31/01

JOHNSON RANCH WWTP

Lab ID : _____

GERRY BEELER

Lab Name : _____

24370 184TH PLACE

QUEEN CREEK, AZ 85242-

INFLUENT FLOW

Storet: INFLU

Permit Limit: Reserved

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
1	01/01/01	0.074	1	02/01/01	0.075	1	03/01/01	0.094
2	01/02/01	0.073	2	02/02/01	0.055	2	03/02/01	0.058
3	01/03/01	0.074	3	02/03/01	0.071	3	03/03/01	0.058
4	01/04/01	0.081	4	02/04/01	0.083	4	03/04/01	0.066
5	01/05/01	0.057	5	02/05/01	0.062	5	03/05/01	0.080
6	01/06/01	0.064	6	02/06/01	0.093	6	03/06/01	0.108
7	01/07/01	0.078	7	02/07/01	0.068	7	03/07/01	0.066
8	01/08/01	0.065	8	02/08/01	0.102	8	03/08/01	0.142
9	01/09/01	0.083	9	02/09/01	0.049	9	03/09/01	0.060
10	01/10/01	0.061	10	02/10/01	0.063	10	03/10/01	0.070
11	01/11/01	0.091	11	02/11/01	0.069	11	03/11/01	0.099
12	01/12/01	0.092	12	02/12/01	0.092	12	03/12/01	0.103
13	01/13/01	0.060	13	02/13/01	0.057	13	03/13/01	0.066
14	01/14/01	0.064	14	02/14/01	0.089	14	03/14/01	0.064
15	01/15/01	0.065	15	02/15/01	0.057	15	03/15/01	0.057
16	01/16/01	0.097	16	02/16/01	0.085	16	03/16/01	0.096
17	01/17/01	0.062	17	02/17/01	0.069	17	03/17/01	0.089
18	01/18/01	0.075	18	02/18/01	0.076	18	03/18/01	0.070
19	01/19/01	0.055	19	02/19/01	0.094	19	03/19/01	0.114
20	01/20/01	0.067	20	02/20/01	0.066	20	03/20/01	0.102
21	01/21/01	0.058	21	02/21/01	0.100	21	03/21/01	0.100
22	01/22/01	0.074	22	02/22/01	0.060	22	03/22/01	0.062
23	01/23/01	0.080	23	02/23/01	0.100	23	03/23/01	0.078
24	01/24/01	0.076	24	02/24/01	0.092	24	03/24/01	0.050
25	01/25/01	0.076	25	02/25/01	0.061	25	03/25/01	0.128
26	01/26/01	0.054	26	02/26/01	0.057	26	03/26/01	0.108
27	01/27/01	0.075	27	02/27/01	0.062	27	03/27/01	0.075
28	01/28/01	0.091	28	02/28/01	0.094	28	03/28/01	0.060
29	01/29/01	0.106	29	02/29/01		29	03/29/01	0.086
30	01/30/01	0.064	30	02/30/01		30	03/30/01	0.077
31	01/31/01	0.075	31	02/31/01		31	03/31/01	0.074

* Adjusted Rows due to Time between Meter Readings

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT

DATE 05/10/01



SELF MONITORING REPORT FORM ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

ARIZONA DEPARTMENT OF
ENVIRONMENTAL QUALITY

JUL 31 2000

WATER QUALITY DATA UNIT
Invernum: 103081

Facility: JOHNSON RANCH WWTP

Point No: A03175

Point Name: INFLUENT PUMP STATION

Latitude: 330918.000

Longitude: 1113326.000

Township:

Range :

Permit: P103081

Section :

Quarter :

From: 06/01/00

To: 06/30/00

JOHNSON RANCH WWTP

GERRY BEELER

24370 184TH PLACE

QUEEN CREEK, AZ 85242- JUL 31 2000

RECEIVED ON

Lab ID : _____

Lab Name : _____

INFLUENT FLOW

Storet: INFLU

Permit Limit: Reserved

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
1	06/01/00	5.1K	1	05/01/00	44K	1	06/01/00	2.5K
2	/	4.3	2	/	37	2	/	40
3	/	5.2	3	/	39	3	/	23
4	/	4.7	4	/	52	4	/	44
5	/	4.4	5	/	47	5	/	44
6	/	4.5	6	/	43	6	/	49
7	/	4.5	7	/	44	7	/	82
8	/	4.1	8	/	51	8	/	33
9	/	3.2	9	/	47	9	/	23
10	/	2.8	10	/	29	10	/	58
11	/	4.2	11	/	45	11	/	60
12	/	4.1	12	/	44	12	/	50
13	/	3.4	13	/	2.5	13	/	46
14	/	4.3	14	/	22	14	/	40
15	/	4.3	15	/	46	15	/	43
16	/	4.9	16	/	61	16	/	40
17	/	7.0	17	/	55	17	/	50
18	/	5.5	18	/	43	18	/	22
19	/	4.6	19	/	1.3	19	/	43
20	/	4.0	20	/	4.6	20	/	24
21	/	4.3	21	/	4.4	21	/	55
22	/	3.4	22	/	5.2	22	/	34
23	/	4.1	23	/	6.1	23	/	77
24	/	4.6	24	/	4.9	24	/	50
25	/	4.3	25	/	7.2	25	/	44
26	/	4.1	26	/	2.4	26	/	37
27	/	5.3	27	/	2.8	27	/	67
28	/	6.3	28	/	4.1	28	/	28
29	/	4.1	29	/	4.4	29	/	53
30	/	4.7	30	/	4.5	30	/	85
31	/		31	/	4.4	31	/	

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT

Gerry Beeler

DATE 7/17/00



SELF MONITORING REPORT FORM
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Facility: JOHNSON RANCH WWTP

Invnum: 103081

Point No: A03175

Point Name: INFLUENT PUMP STATION

Latitude: 330918.000

Longitude: 1113326.000

Permit: P103081

Township:

Range :

From: 07/01/00

Section :

Quarter :

To: 09/30/00

JOHNSON RANCH WWTP

GERRY BEELER

24370 184TH PLACE

QUEEN CREEK, AZ 85242-

Received by BPS

Lab ID : _____

NOV 08 2000

Lab Name : _____

INFLUENT FLOW

ADEQ

Permit Limit: Reserved

Storet: INFLU

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
1	07/01/00	32 K	1	08/01/00	64 K	1	09/01/00	42 K
2	07/02/00	50	2	08/02/00	48	2	09/02/00	40
3	07/03/00	14	3	08/03/00	31	3	09/03/00	40
4	07/04/00	36	4	08/04/00	68	4	09/04/00	42
5	07/05/00	60	5	08/05/00	59	5	09/05/00	62
6	07/06/00	62	6	08/06/00	50	6	09/06/00	35
7	07/07/00	30	7	08/07/00	—	7	09/07/00	67
8	07/08/00	31	8	08/08/00	39	8	09/08/00	40
9	07/09/00	62	9	08/09/00	74	9	09/09/00	32
10	07/10/00	37	10	08/10/00	50	10	09/10/00	46
11	07/11/00	55	11	08/11/00	32	11	09/11/00	72
12	07/12/00	79	12	08/12/00	67	12	09/12/00	51
13	07/13/00	31	13	08/13/00	64	13	09/13/00	36
14	07/14/00	31	14	08/14/00	74	14	09/14/00	67
15	07/15/00	84	15	08/15/00	35	15	09/15/00	53
16	07/16/00	76	16	08/16/00	69	16	09/16/00	32
17	07/17/00	48	17	08/17/00	38	17	09/17/00	43
18	07/18/00	36	18	08/18/00	60	18	09/18/00	54
19	07/19/00	32	19	08/19/00	66	19	09/19/00	44
20	07/20/00	61	20	08/20/00	33	20	09/20/00	36
21	07/21/00	33	21	08/21/00	35	21	09/21/00	41
22	07/22/00	67	22	08/22/00	61	22	09/22/00	44
23	07/23/00	43	23	08/23/00	33	23	09/23/00	41
24	07/24/00	55	24	08/24/00	61	24	09/24/00	42
25	07/25/00	20	25	08/25/00	33	25	09/25/00	36
26	07/26/00	55	26	08/26/00	66	26	09/26/00	40
27	07/27/00	31	27	08/27/00	76	27	09/27/00	38
28	07/28/00	41	28	08/28/00	39	28	09/28/00	34
29	07/29/00	55	29	08/29/00	38	29	09/29/00	92
30	07/30/00	31	30	08/30/00	58	30	09/30/00	85
31	07/31/00	35	31	08/31/00	216	31	09/01/00	

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED HEREIN AND BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION I BELIEVE THE SUBMITTED INFORMATION IS TRUE ACCURATE AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION INCLUDING THE POSSIBILITY OF FINES AND IMPRISONMENT.

SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT

DATE 10/27/00



SELF MONITORING REPORT FORM

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Facility: JOHNSON RANCH WWTP

Invnum: 103081

Point No: A03175

Point Name: INFLUENT PUMP STATION

Latitude: 330918.000

Longitude: 1113326.000

Permit: P103081

Township:

Range :

From: 10/01/00

Section :

Quarter :

To: 12/31/00

JOHNSON RANCH WWTP

Lab ID : _____

GERRY BEELER

Lab Name : _____

24370 184TH PLACE

QUEEN CREEK, AZ 85242-

INFLUENT FLOW

Storet: INFLU

Permit Limit: Reserved

	ANALYZED	RESULTS		ANALYZED	RESULTS		ANALYZED	RESULTS
1	10/01/00	0.066 MB	1	11/01/00	0.080	1	12/01/00	0.049
2	10/02/00	0.057	2	11/02/00	0.078	2	12/02/00	0.092
3	10/03/00	0.024	3	11/03/00	0.062	3	12/03/00	0.070
4	10/04/00	0.036	4	11/04/00	0.044	4	12/04/00	0.071
5	10/05/00	0.046	5	11/05/00	0.063	5	12/05/00	0.073
6	10/06/00	0.049	6	11/06/00	0.053	6	12/06/00	0.048
7	10/07/00	0.024	7	11/07/00	0.088	7	12/07/00	0.067
8	10/08/00	0.049	8	11/08/00	0.066	8	12/08/00	0.045
9	10/09/00	0.070	9	11/09/00	0.048	9	12/09/00	0.072
10	10/10/00	0.029	10	11/10/00	0.071	10	12/10/00	0.052
11	10/11/00	0.057	11	11/11/00	0.070	11	12/11/00	0.063
12	10/12/00	0.041	12	11/12/00	0.045	12	12/12/00	0.092
13	10/13/00	0.070	13	11/13/00	0.070	13	12/13/00	0.043
14	10/14/00	0.089	14	11/14/00	0.083	14	12/14/00	0.081
15	10/15/00	0.067	15	11/15/00	0.050	15	12/15/00	0.054
16	10/16/00	0.077	16	11/16/00	0.082	16	12/16/00	0.074
17	10/17/00	0.045	17	11/17/00	0.075	17	12/17/00	0.060
18	10/18/00	0.070	18	11/18/00	0.045	18	12/18/00	0.069
19	10/19/00	0.054	19	11/19/00	0.059	19	12/19/00	0.083
20	10/20/00	0.056	20	11/20/00	0.054	20	12/20/00	0.059
21	10/21/00	0.043	21	11/21/00	0.092	21	12/21/00	0.083
22	10/22/00	0.035	22	11/22/00	0.054	22	12/22/00	0.055
23	10/23/00	0.054	23	11/23/00	0.022	23	12/23/00	0.070
24	10/24/00	0.038	24	11/24/00	0.100	24	12/24/00	0.050
25	10/25/00	0.023	25	11/25/00	0.068	25	12/25/00	0.066
26	10/26/00	0.066	26	11/26/00	0.057	26	12/26/00	0.109
27	10/27/00	0.072	27	11/27/00	0.057	27	12/27/00	0.067
28	10/28/00	0.049	28	11/28/00	0.081	28	12/28/00	0.091
29	10/29/00	0.056	29	11/29/00	0.058	29	12/29/00	0.056
30	10/30/00	0.090	30	11/30/00	0.064	30	12/30/00	0.084
31	10/31/00	0.051	31	11/31/00		31	12/31/00	0.054

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SIGNATURE OF PRINCIPLE EXECUTIVE OFFICER OR AUTHORIZED AGENT: Gerry Beeler DATE: 3/07/01

4



**CAAG 208 WATER QUALITY
PLAN AMENDMENT FOR
JOHNSON UTILITIES COMPANY, L.L.C.
PRECISION GOLF COURSE WWTP**



**CAAG 208 WATER QUALITY
PLAN AMENDMENT FOR
JOHNSON UTILITIES COMPANY, L.L.C.
PRECISION GOLF COURSE WWTP**

JUNE 2000

PREPARED FOR:

JOHNSON UTILITIES, L.L.C.
5230 East Shea Boulevard
Scottsdale, Arizona 85254
(480) 998-3300

PREPARED BY:

THE WLB GROUP, INC.
333 East Osborn, Suite 380
Phoenix, Arizona 85012
(602) 279-1016

WLB No. 195071-A-012
W:\195071\Utilities\208 No. 3\caag208-2.wpd

**CAAG 208 WATER QUALITY
PLAN AMENDMENT FOR
JOHNSON UTILITIES COMPANY, L.L.C.
PRECISION GOLF COURSE WWTP**

JUNE 2000

PREPARED FOR:

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Scottsdale, Arizona 85254
(480) 998-3300

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WLB No. 195071-A-012
W:\195071\Utilities\208 No. 3\caag208-2.wpd

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SECTION 3	WASTEWATER FLOW PROJECTIONS	8
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APPENDIX

RECLAIMED WASTEWATER RE-USE PERMIT AUTHORIZATION
AQUIFER PROTECTION PERMIT. (A.P.P.) AUTHORIZATION
208 AMENDMENT CHECKLIST

SECTION 1 - INTRODUCTION

Johnson Utilities Company, L.L.C.'s service area is located within the northern section of Pinal County, south and southeast of Queen Creek, Arizona. Johnson Ranch is located adjacent to Hunt Highway and encompasses a total of approximately 3,490 acres and is the first project under construction. The planned density of the Johnson Ranch project will include approximately 10,051 dwelling units. The initial phase is a Planned Area Development (PAD) consisting of approximately 2,014 acres and has been approved to provide approximately 6,600 family units. The remainder of the project consists of 1,490 acres of State Land south of the PAD development. See *Exhibit 1, Project Location Map*.

Johnson Ranch is currently under construction. The first phase of residential development began in the fall of 1999. The project is composed primarily of family housing. In addition to the residential areas, facilities will be provided for elementary schools, a village center, commercial areas, equestrian facilities and golf course facilities. This amendment request has two objectives. 1) Re-classify the existing temporary Marwood WWTP site to a permanent WWTP site. 2) Increase the current plant capacity from 20,000 GPD to 300,000 GPD by the addition of ESSI Mechanical Plant components.

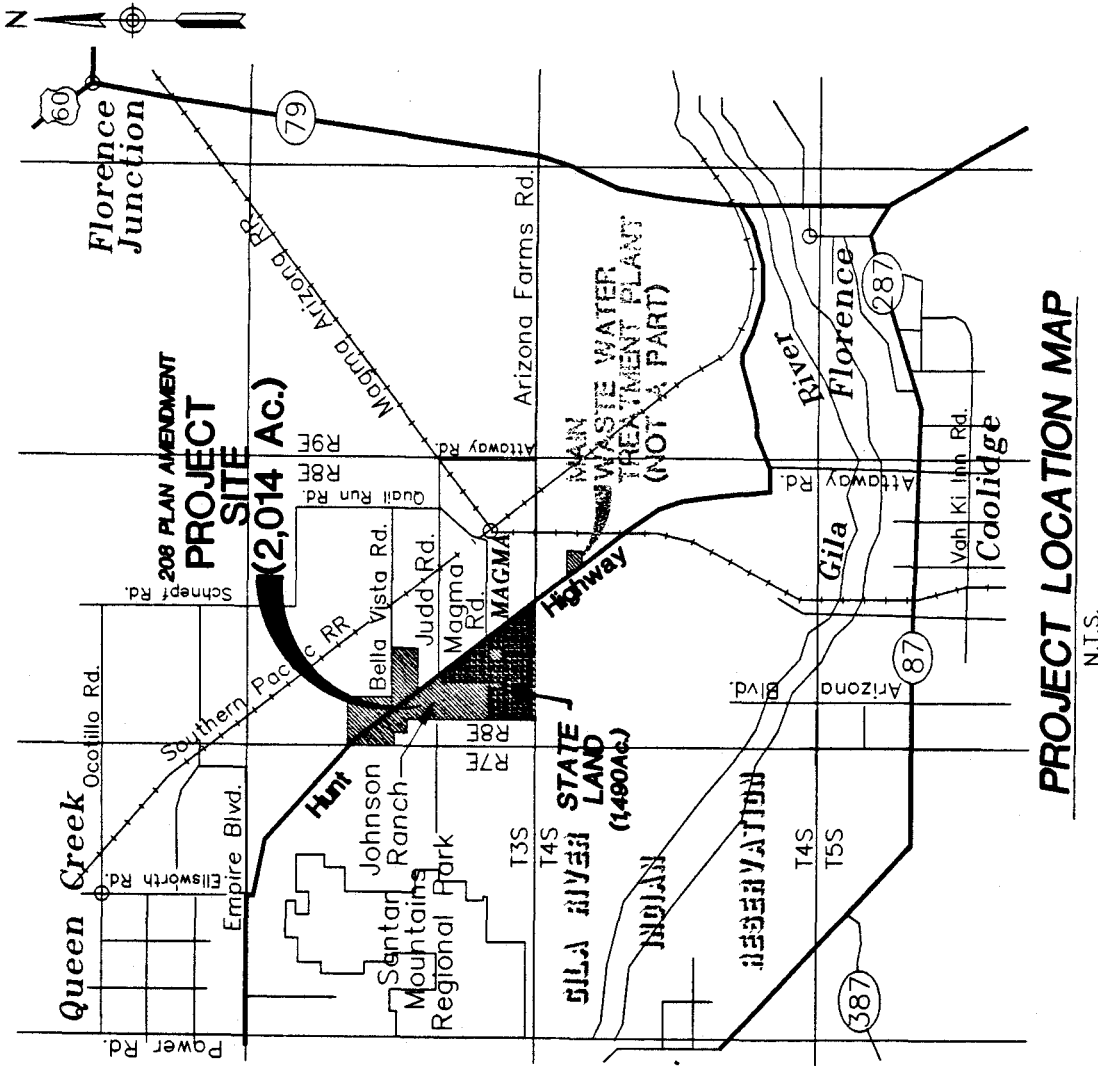
SECTION 2 - DESCRIPTION OF PROJECT

Johnson Ranch will feature a variety of housing types. The community will offer a variety of lot sizes and amenities. Two elementary school sites are currently planned for the project with space for more, if required. A series of neighborhood parks interconnected by greenway corridors are planned to allow access to additional recreational opportunities. The second type of development within the community offers adult retirement. The project will ultimately feature two 18-hole golf courses, clubhouses and pro-shops, as well as an Equestrian Center.



PROJECT LOCATION MAP

EXHIBIT 1



PROJECT LOCATION MAP

N.T.S.

An existing sewage treatment facility exists at the existing and proposed site within the limits of the Johnson Ranch Project. There are many parcels of land adjacent to the site which range from 3 - 10 acres, with many exceeding 10 acres in size. Current methods for sewage disposal adjacent to the development consist of septic tanks and leach fields. Johnson Utility will not approve septic tanks, except for existing or previously approved septic tank systems for developments within the Johnson Utilities service area.

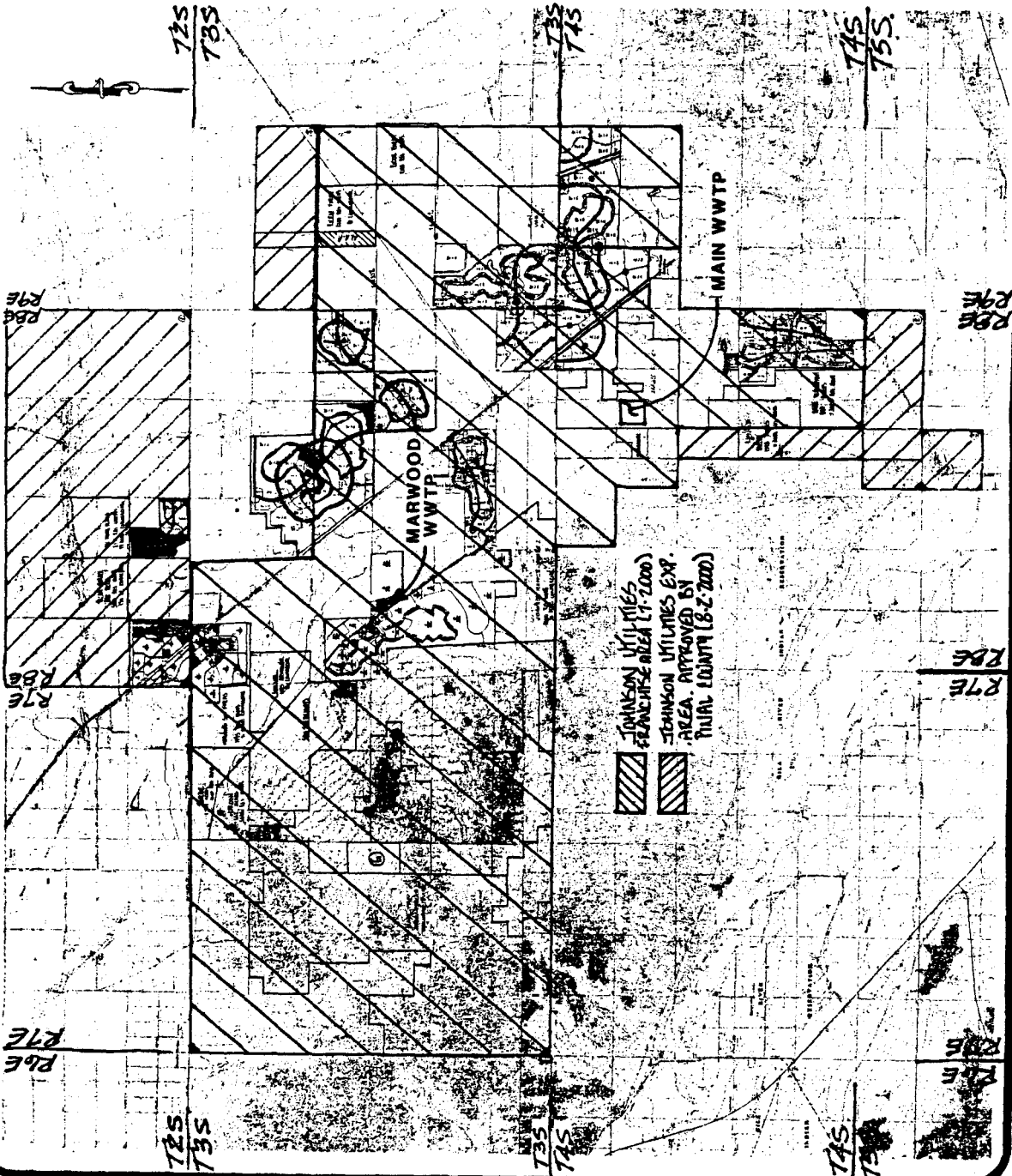
As part of the Johnson Ranch Development, Johnson Utilities Companies was formed as a utility company registered with the Arizona Corporation Commission to provide water and sewer service to the area. The franchise for utility service to this area has been granted by Pinal County. This site is within the currently approved franchise for the utility. Johnson Utilities Company has obtained a Certificate of Convenience and Necessity from the Arizona Corporation Commission in order to provide water and wastewater service for the Johnson Ranch Project. Approval of said application has granted Johnson Utilities Company the proper rights and authorities to implement this plan. A copy of the C.C. & N. is on record with the A.C.C. (see Exhibit 2)

The existing plant site consists of an extended aeration mechanical plant, manufactured by Marwood of Arizona. The existing plant has a capacity of approximately 20,000 GPD of residential sewage flows and will be incorporated into the expansion. The existing plant is currently serving only a portion of Subdivision Unit 4A. Because the existing WWTP is in such proximity of the lakes at Johnson Ranch, and those lakes are approved for reuse, Johnson Utilities has decided to take advantage of the area. This will also allow for some of the flows from the developers to get service from the Section II, (Large) WWTP. When the capacity of the plant has been increased to 300,000 GPD, the site will be able to serve Subdivisions 4B and GG as well as future sites. A copy of the service area has been attached as Exhibit 3. A service extension is not part of this amendment. Areas included in this amendment are only those areas currently approved by the A.C.C. This WWTP site is ideal for the Johnson Ranch Community because it is within a Golf Course Corridor that has a Re-use Permit for 300,000 GPD. The community can be serviced within a short distance and the profile of the mechanical plant is aesthetically inconspicuous. This plant expansion will be able to provide wastewater treatment to adjacent properties providing the parcel is within the approved CC&N, and desires to be serviced. The main wastewater plant has anticipated growth in the immediate area, and was sized accordingly.



EXISTING & PROPOSED
AREA
FRANCHISE

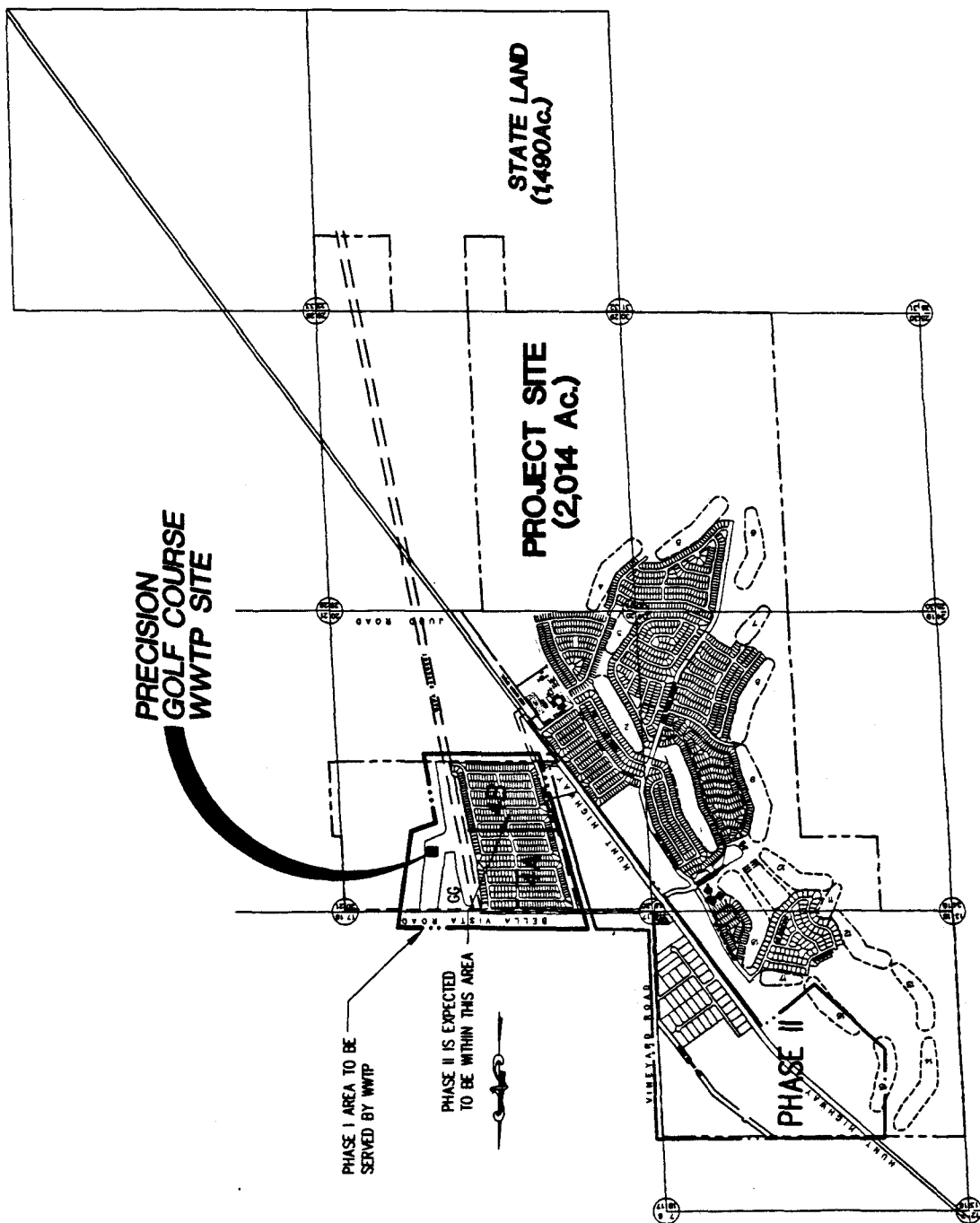
EXHIBIT 2





JOHNSON RANCH
MASTER PLAN

EXHIBIT 3



PHASE	YEAR	INFRASTRUCTURE CAPACITY
I	1999	Start of Project - Start-up of existing Marwood Plant Mechanical Treatment Plant and Effluent Re-use at the adjacent Golf Course (20,000 gal/day)
II	2000	4 th Quarter of 2000; addition of Mechanical Plant to increase capacity 300,000 GPD.
	2003	Estimate build out maximum within 3 years at 1282 homes with no additional hook-ups after the 1282 units. Build out is dependent on economic development trends over the next three years
	2020	When 1282 units are on the system no additional hookups will be allowed, unless estimated household wastewater flows differ from actual flows.

The Johnson Utilities Company, Wastewater Division, will collect all wastewater within the designated community and deliver it to the proposed wastewater treatment plant site. The site is located within the North Half (N 1/2) of Section 20, Township 3 South, Range 8 East, G&SRM, Pinal County, Arizona. The site is East of Hunt Highway and approximately 1/4 mile South of the existing Bella Vista Road R.O.W. Based on builder projections, the utility has anticipated that this site will be constructed and operating at full capacity within the next three years. The property is currently owned by Johnson Ranch Holdings, L.L.C., which is a partner of George Johnson, the owner of Johnson Utilities Co., L.L.C. Johnson Utilities will purchase and construct the WWTP at a total build-out capacity of approximately 300,000 GPD.

Access to the Treatment Plant site will be accomplished via the existing Bella Vista Road Corridor and easements. This wastewater treatment plant proposed for the Precision Golf Course Site will bring several benefits to the area:

- The effluent from the wastewater treatment plant will be required to meet effluent reuse standards for open-access golf courses and to meet Class D reclaimed water requirements, which is equivalent to secondary treatment and disinfection. In addition, effluent discharged to the waters of the U.S. through an NPDES Permit will be required if all effluent is not used on the Golf Courses. NPDES Permit requirements an NPDES permit is not anticipated for this project.

- A higher level of wastewater treatment will be provided, thus eliminating the potential for groundwater contamination from overuse of septic tanks and leach fields in the area.
- The treated effluent from the wastewater treatment plant will be of sufficient quality to be used for irrigation on the golf courses located immediately adjacent to the site and other open area facilities, thus creating recreational opportunities that are currently being irrigated by ground water or purchased SRP water.
- The existence of the wastewater treatment plant will allow the area to accommodate growth without creating detrimental environmental situations due to a lack of infrastructure.
- Johnson Ranch is close to Florence and East Mesa and it provides a reasonable commute that will provide housing opportunities to satisfy current housing shortages.
- The employment opportunities in the southeast valley area are increasing with the development of Williams Gateway Airport and other significant employers. Johnson Ranch will provide housing opportunities for the increased workforce needed.
- The residents of Johnson Ranch will add to the consumer tax base in the existing Pinal County area. The increase in the number of consumers will support growth of commercial development in Pinal County as well as increased sales tax revenues.

Landscaped open area parks and corridors throughout the development, irrigated with properly treated effluent, will encourage and enhance outdoor recreational activities for the residents within the area.

The treated effluent will be used for irrigation of the two golf courses currently constructed at the project. The Championship Golf Course is located west of Hunt Highway and is spread throughout Sections 18, 19 and 30 of Township 3 South and Range 8 East. The smaller Precision Golf Course is located East of Hunt Highway in the North Half of Section 20, Township 3 South; Range 8 East immediately adjacent to the WWTP site. The property of the golf course is owned and operated by a company partnered with George H. Johnson, the utility owner.

Initial irrigation of the golf courses was provided by using CAP water delivered by the Magma Irrigation Canal and well water, located within the Johnson Ranch property boundaries. As additional reclaimed water becomes available for golf course turf usage, the CAP/Magma Water usage will be reduced proportionately.

SECTION 3 - WASTEWATER FLOW PROJECTIONS

The Johnson Ranch Project has been phased as shown on *Exhibit 3, Johnson Ranch Development Phasing*. Phase I of the sewage flows to this site consists only of Units 4A, GG, and 4B. Phase II consists of additional residential units up to the capacity of the plant. The exact limits of Phase II are unknown at this time, but are expected to be north and west of the precision Golf Course. The proposed Plant will have a capacity of 300,00 GPD when it is completed in the 1st quarter of 2001, however, the actual usage of the plant is dependent on the builder's decisions for the developments within other service areas.

The criteria as outlined below was utilized to estimate the projected sewer flows for this area of Johnson Utilities service area. Flow estimates for family and adult retirement residential, commercial and school facilities were derived based upon historic flows near this area. These flow projections have recently been accepted by A.D.E.Q. for this area of the valley. The design criteria for the Johnson Utilities Company is as follows:

SEWER PLANNING CRITERIA

- 90 GPCD for all residential areas requiring sewers
- 1.8 persons/D.U. for all Adult Community Residences
- 2.6 persons/D.U. for all Family Community Residences
- 1,000 GPAD for all commercial and school areas (ADF)
- 3.0 Peaking Factor for all commercial and school areas (PDWF)
- 250 GPAD for wet weather flow infiltration

SECTION 4 - WASTEWATER SYSTEM INFRASTRUCTURE REQUIREMENTS



The Johnson Ranch Project is located within an area of relatively flat topography, generally draining from west to east. The existing and proposed sewer treatment plant site is located approximately 3/4 of a mile east of Hunt Highway within the Johnson Ranch Development

The fee land within Johnson Ranch will be primarily served by gravity sewer mains. The gravity sewer main sizes have been determined and designed. (See Exhibit 4) A lift station was required at the location shown adjacent to Bella Vista Road immediately North of the site. The existing lift station pumps convey the collected wastewater to the Precision Golf Course WWTP located in the north half of Section 20, Township 3 South, Range 8 East; Gila & Salt River Basin & Meridian.

The sewer lift station that is required adjacent to Bella Vista Road currently exists. The sewer lift station will lift all flows from the gravity sewer collection system into the headworks of the treatment plant facility. This influent sewer lift station has been constructed and will be upgraded to match the capacity increments of the future wastewater treatment plant as required. The sewer lift station was designed using duplex pumps, backup power, and all required facilities to meet ADEQ Bulletin 11 design standards. The sewer treatment plant facility will be developed in two stages. Phase I of the plant was designed to treat approximately 20,000 GPD. Phase II of the plant will be constructed to increase the plant capacity to 300,000 GPD and will be started in the fourth quarter of 2000 and be ready in the first quarter of 2001. The treatment plant facilities will be sized to treat the average daily flow (ADF) and accept peak wet weather flows (PWWF) without disrupting the treatment plant process. The wastewater will be treated to "open access" reuse standards. The treated effluent will be pumped by a reclaimed pump station to the golf course lake for turf irrigation. The utility currently has a reuse permit approved by A.D.E.Q. for the Champion Golf Course and the Precision Golf Course, to irrigate at a average rate of 300,000 gpd.

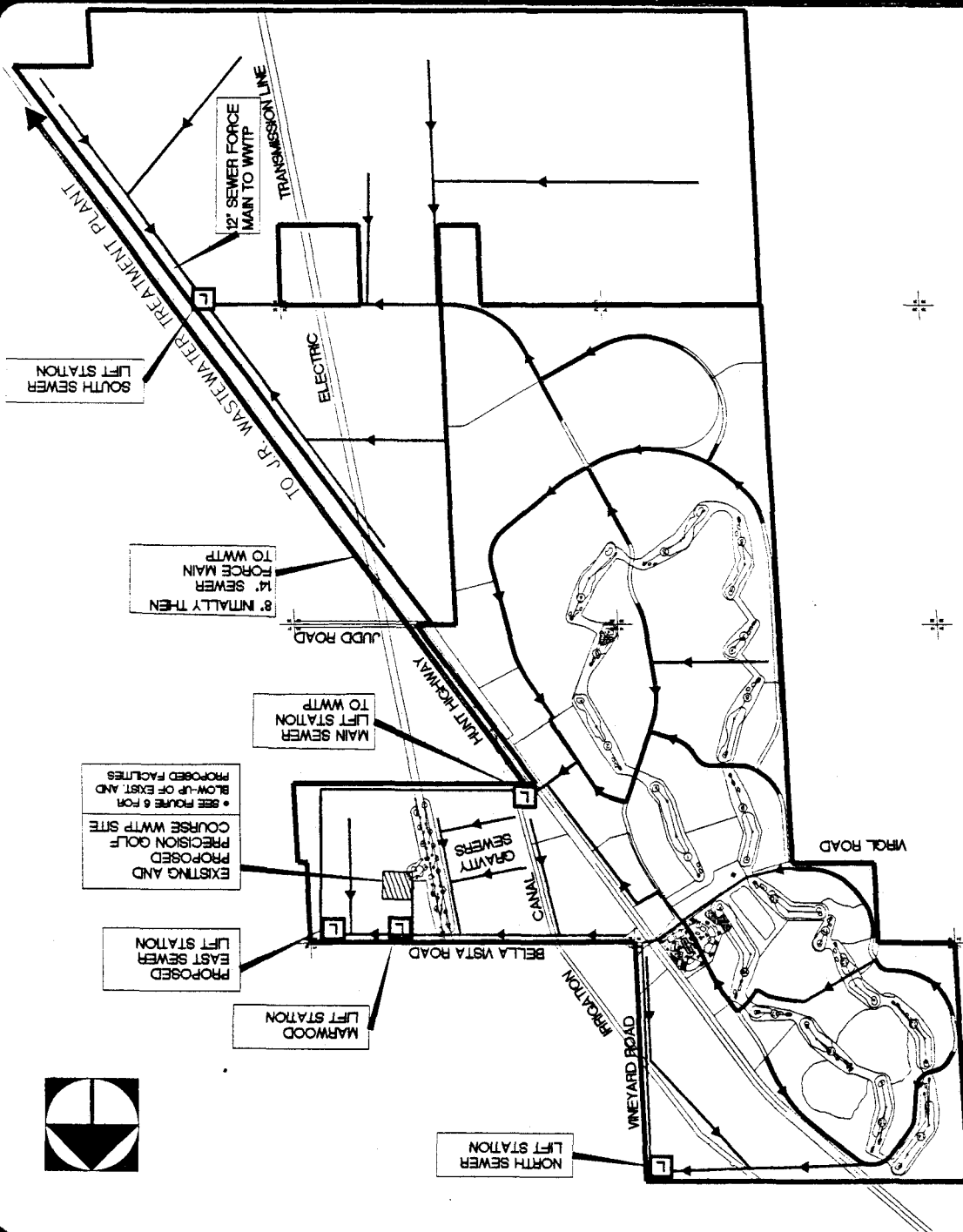
MASTER SEWER
SYSTEM LAYOUT

LEGEND:

-  EXISTING AND PROPOSED
EXPANSION WASTEWATER
TREATMENT PLANT SITE
(20,000 GPD - 300,000 GPD)
-  SEWER LIFT STATION

- 8" SEWER MAIN
- 12" SEWER MAIN
- 15" SEWER MAIN
- 18" SEWER MAIN
- UNDETERMINED FORCE MAIN
- 12" SEWER FORCE MAIN
- 14" SEWER FORCE MAIN

EXHIBIT 4





RECLAIMED EFFLUENT RETURN SYSTEM

LEGEND

6" TEMP. CAP/MAGMA LINE

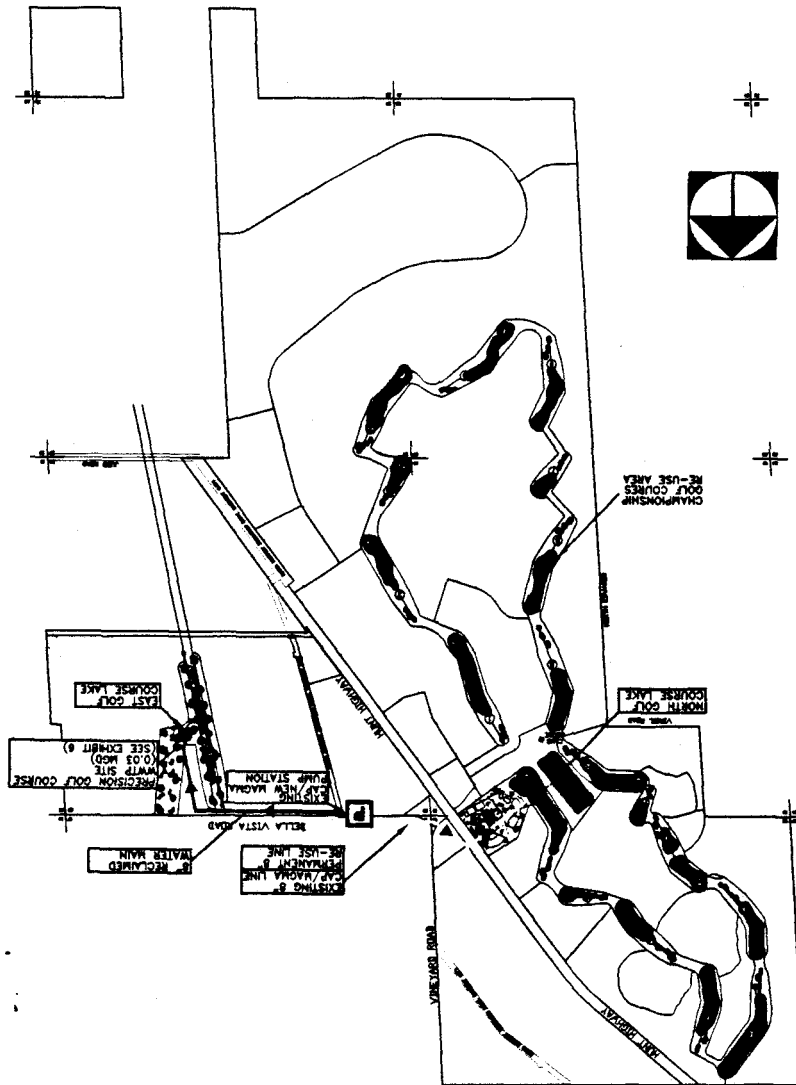
8" RECLAIMED WATER MAIN

8" RECLAIMED MAIN

GOLF COURSE LAKE

EXHIBIT 5

WLB
WILSON
LAW
BROS.
GROUP



The treatment plant facilities will be developed in two stages as follows:

Phase I	20,000 gallons per day Average Daily Flow (Existing)
Phase II	300,000 gallons per day Average Daily Flow (Proposed)

Exhibit 6, Wastewater Treatment Plant Site Layout, shows the proposed wastewater treatment plant layout. Phase I of the facility currently exists and consists of an influent pump station, inlet headworks, and a mechanical Wastewater Treatment Plant having a capacity of 20,000 gpd. The existing Marwood WWTP will be incorporated into the ESSI Plant expansion and will remain "in place." The Phase II mechanical treatment facilities will consist of package mechanical plants provided by ESSI. ESSI stands for Enviro Systems Supply, Inc.

Agriculture in the area does not present any problems with this plant.

The existing Marwood Plant has been constructed, and has received an approval of construction (A.O.C) from ADEQ. The plant has been utilized for the treatment of domestic wastewater flows from Unit 4A within Johnson Ranch.

Johnson Utilities has initiated and financed the construction of the mechanical plant in anticipation of developers needs for this area. The utility has committed to installing the mechanical plant at the proposed site as soon as permitted. Alenco and Johnson Utilities will construct the plant and Johnson Utilities will operate the mechanical plant. The construction will be complete, and the plant operational within the first quarter of 2001, at the latest. When the mechanical plant is operational it will be capable of treating 300,000 gpd.

During the first phase, the volume of effluent generated is less than the golf course requires. During Phase II the volume of effluent meets the golf course requirement and re-use permit allowances

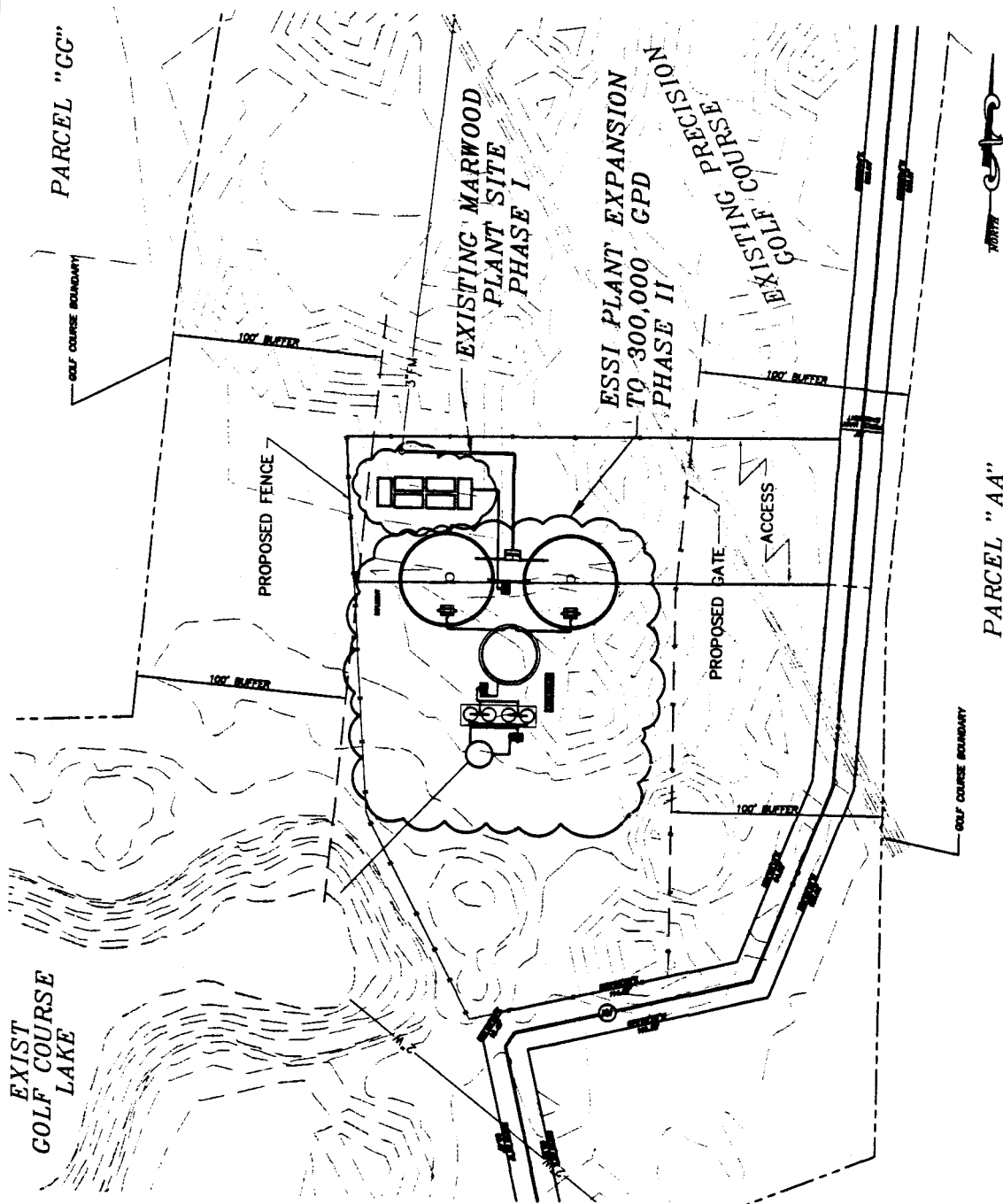
This project will require construction permits for the Main Package Plant. As stated before, Alenco and Johnson Utilities will install the mechanical plant and Johnson Utilities, with the assistance of Alenco, will operate the mechanical plant. The Marwood mechanical plant will be incorporated into the operation of the new mechanical plant. The site has a reuse permit and an individual aquifer protection permit (APP). The developer is integrating the golf course into the layout for homes, so portions of the course will not be fenced but the effluent will meet open access requirements.



WASTEWATER TREATMENT
PLANT SITE LAYOUT
(PRECISION SITE)

EXHIBIT 6

WLB
Grading



It is anticipated that the two golf courses will use all of the reclaimed water produced from the wastewater treatment plant. The golf courses will meet all open access requirements. If excess flows are experienced during portions of the winter months, effluent will be stored within the Golf Course lakes, or used on landscape areas within the community. Effluent discharges in to the waters of the United States is not anticipated.

SECTION 5 - PERMITTING REQUIREMENTS

The following is a summary of the permitting requirements and processes that are required for the wastewater treatment plant facility.

A. Aquifer Protection Permit (APP)

The State Aquifer Protection Permit (APP) Program was established by the Environmental Quality Act (EQA) and is primarily designed to regulate facilities that may discharge to the aquifer. An individual APP permit (permit number P-103081) has been issued for this wastewater treatment plant facilities. This permit was received by providing proof of Best Available Demonstration Control Technology (BADCT). Achievement of BADCT for a wastewater treatment plant facility is outlined in the BADCT guidance document as provided by the Arizona Department of Environmental Quality.

A modification to the APP was approved by ADEQ on September 7, 1999. (See the Appendix) This plant will now generate the maximum effluent re-use flow permitted by the permit. No amendment is required.

B. Effluent Reuse Permit

An Effluent Reuse Permit has been processed through the Arizona Department of Environmental Quality concurrent with the Aquifer Protection Permit Application. The Effluent Reuse Permit number is R103081 and a copy is in the Appendix.

C. Section 208 Plan Amendment

In accordance with Section 208 of the Clean Water Act, an Area Wide Water Quality Management Plan was prepared for the Central Arizona Association of Governments (CAAG). The Water Quality Management Plan has continually been updated through several Plan Amendments and updates. This document will serve as the 208 Water Quality Plan Amendment for Johnson Utilities Company, L.L.C. - Precision Golf Course Site. The Central Arizona Association of Governments (CAAG) is a Designated Area-wide Water Quality Management Planning Agency for Pinal and Gila Counties.

D. National Pollution Discharge Elimination System Permit (NPDES)

A NPDES permit is required for wastewater effluent planned to be discharged to surface waters of the United States. A NPDES Permit for effluent discharges to the waters of the United States is not anticipated to be required for this project.

A pre-treatment program will be established in conformance with the Clean Water Act (CWA) for non-domestic wastes. The pre-treatment program will consist of chlorination and de-chlorination of effluent prior to discharge which will determine which non-domestic users should be regulated.

The NPDES program also regulates sewage sludge under Section 405 of the Clean Water Act (CWA). Part 503 in the Clean Water Act (CWA) controls the quality of sewage sludge that may be applied to land, distributed and marketed, placed in a sludge disposal facility, or fired in a sewage sludge incinerator. The sludge generated at the proposed wastewater treatment plant will be disposed of at an operating landfill certified by the state to handle and dispose of sludge from wastewater treatment plants. The closest landfill which can accept sludge for disposal is:

Butterfield Station Municipal Solid Waste Landfill
99th Avenue, one mile north of Highway 238
Mobile, Arizona

Operated by:

Waste Management, Inc.
2425 South 40th Street
Phoenix, Arizona 85034
Phone: (602) 256-0630

In discussions with Waste Management, Inc., they anticipate having sufficient disposal capacity to handle the disposal needs of the region for the next 50 years. A NPDES Permit for sludge disposal will not be required by the utility.

A NPDES Stormwater Pollution Prevention Permit will be required for the treatment plant site work. The contractor for the facilities is responsible to obey all NPDES Permit regulations as they apply to construction sites and potential surface water and groundwater contamination. All hazardous materials and potential pollutants shall be stored onsite in appropriate storage areas which are constructed to contain any spills or runoff of hazardous materials. Appropriate sites are to be provided for the washing of construction equipment and capture of the runoff. Retention basins, silt traps, and other sediment barriers are to be provided at the site to filter sediment from storm runoff leaving the site. The contractor shall keep the site clean and have covered dumpsters onsite which are emptied on a regular basis.

E. Wastewater System Technical Review

The technical review process consists of submitting a design report and detailed construction plans for the plant site, treatment plant design, required plant details and associated facilities. The plans will be prepared to be in conformance with Engineering Bulletin No. 11 as issued by the Arizona Department of Environmental Quality.

F. Local Floodplain and Drainage Regulations

The Johnson Ranch Project, when entirely built out, is designed to discharge runoff at a rate equal to or less than the current runoff rate as undeveloped property. The drainage concept for Johnson Ranch requires that all runoff be directed toward retention/detention basins within the Golf Course or Designated sites. Runoff will be stored in the basins, allowing sediment to settle out, and then be released into the natural drainage courses in a controlled manner. This type of retention/detention drainage concept has been utilized within the proposed WWTP site. The retention basins will be landscaped in such a way as to provide bio-filtration of the first-flush storm runoff. In order to eliminate non-point discharges from the golf course, the golf course has been designed to retain runoff within swales built into the fairways.

SECTION 6 - PROJECT FINANCING

The cost for wastewater treatment plant facilities will be provided in part through line extension agreements between developers and Johnson Utilities. The Company was formed as an Arizona limited liability company and has been approved by the Arizona Corporation Commission to provide Certificates of Convenience and Necessity for water and wastewater service to this development. As a public service corporation, the Company is required to obtain prior approval of all long-term financing pursuant to A.R.S. 40-301 et.seq.

The long-term debt and the managing membership funds will be provided by the Utility, who is serving this project. The associate membership funds will be provided by substantial homebuilders who acquire given subdivisions within the development and who will also pay the costs associated with the utility facilities for that subdivision as part of the acquisition cost. Developer payments will cover all costs for onsite facilities, plus a portion of the common facilities needed to serve that subdivision.

As a condition of the Certificate of Convenience and Necessity, the Commission has established the rates at which the Company can charge customers for provisions of the utility services. Those rates include all pro forma costs associated with the operation and maintenance of the wastewater facilities. As operating costs change over the years, the Company will apply to the Commission for adjustments in those rates to cover all operation and maintenance expenses as well as a return on the investment the Company has made in the utility facilities.

APPENDIX

Reclaimed Wastewater Re-Use Permit Authorization
Modification to Reuse Permit Authorization September 7, 1999
Aquifer Protection Permit Authorization
208 Amendment Checklist

RECLAIMED WASTEWATER REUSE
Permit No. R103081

STATE OF ARIZONA
RECLAIMED WASTEWATER REUSE PERMIT

PART I. RECLAIMED WASTEWATER REUSE

- A. Authorization: In compliance with the provisions of A.A.C. Title 18, Chapter 9, Article 7;
A.A.C. Title 18 Chapter 11, Article 1:

Permittee: Johnson Utilities Company
5320 East Shea Blvd.
Scottsdale, AZ 85254

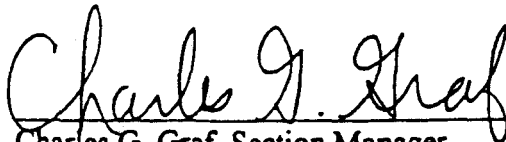
is authorized to reuse reclaimed wastewater on reuse sites in accordance with effluent limitations,
monitoring requirements, and other conditions set forth in this permit, and in the statutes and rules
cited above.

Reuse Sites: Johnson Utilities Precision Golf Course
South of Bella Vista Road
One-half mile east of Hunt Highway, Pinal County, Arizona

Johnson Utilities Professional Golf Course
One-half mile west of Hunt Highway
Running one-quarter mile south of Roberts Road
to one-quarter mile south of Judd Road, Pinal County, Arizona

Conditions established within this permit are designed to protect public health and safety, prevent
contamination of groundwater through consumptive water use, and conserve potable water by using
reclaimed resources. Water application rates authorized herein do not supersede the requirements of the
Arizona Department of Water Resources.

This permit is effective on the date of the Section Manager's signature and will expire five years thereafter.



Charles G. Graf, Section Manager
Water Permits Section, Water Quality Division
Arizona Department of Environmental Quality
Signed this 2nd day of September, 1998

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

Governor Jane Dee Hull

Jacqueline E. Schafer, Director

CERTIFIED MAIL - Return Receipt Requested**RFP99:317**

September 7, 1999

Mr. George H. Johnson, Owner
5230 East Shea Blvd.
Scottsdale, AZ 85254

RE: Johnson Utilities Company
ADEQ Reclaimed Wastewater Reuse Permit Modification #R103081

Dear Mr. Johnson:

Enclosed is a signed copy of the Reclaimed Wastewater Reuse Permit Modification No. R103081, with errata, for the above referenced facility.

Effective September 7, 1999, under the provisions of Title 18, Chapter 9, Article 7 of the Arizona Administrative Code (A.A.C.), Johnson Utilities Company shall be authorized to operate a reuse program pursuant to the terms and conditions of the modified Reclaimed Wastewater Reuse Permit No. R103081. This permit shall remain valid for a period not to exceed five years from the date of issuance of the original permit, which was signed on February 28, 1997, unless extended pursuant to A.A.C. R18-9-705.A.4.b.

If you have any questions about this permit or need further assistance, I can be reached at (602) 207-4464.

Sincerely,

A handwritten signature in cursive script that reads "Marcy Mullins".

Marcy Mullins, Reuse Permit Officer
Engineering Approvals and Reuse Unit

Attachment: Reclaimed Wastewater Reuse Permit Modification No. R103081

copy: Lynne Dekarske, ADEQ Water Permits Section
Don Bell, ADEQ Water Quality Compliance Unit
Julie Collins, ADEQ Water Quality Compliance Data Unit
Gerald A. Edwards, P.E., The WLB Group, Inc.
Pinal County Health Department

MODIFICATION TO RECLAIMED WASTEWATER REUSE PERMIT NO. R103081
Johnson Utilities Company

Owner: Johnson Utilities Company
5230 East Shea Blvd.
Scottsdale, AZ 85254

Operator: Same as Above

This modification to Permit No. R103081 is to include the Marwood Package Wastewater Treatment Plant, and to specify the treatment standards of this plant in relation to the effluent storage pond. Also, monitoring frequency for enteric virus will be changed to semiannually, and monitoring from the Marwood plant will be added for flow, total nitrogen, and total trihalomethanes. Related changes to the original permit (issued 9/2/98) are as follows:

1. Pages 2, 3, 4, and 5 have been reformatted for readability and clarity in addition to the substantive changes. These pages will indicate "modified" in the lower left corner of the page.
2. On page 2, PART I.B.1, under Legal Description, a description of the location of the Marwood Package Wastewater Treatment Plant has been added.
3. On page 2, PART I.B, the last sentence has been changed to read: "A topographic map showing the location of the reuse sites shall be on file at the Johnson Utilities Wastewater Treatment Plant office, and at each of the golf course offices for inspection.
4. On page 3, PART I.D, the Project Description has been changed to read as follows:

The permittee is authorized to apply a maximum 30-day average flow of 300,000 gallons per day (gpd) from the Johnson Utilities Constructed Wetlands Wastewater Treatment Plant (WWTP) and a maximum 30-day average flow of 19,900 gallons per day from the Johnson Utilities Marwood Package WWTP to sprinkler irrigate approximately 102 acres of bermuda-rye golf course turf and approximately 4000 trees. Reclaimed wastewater from the Johnson Utilities Constructed Wetlands WWTP may be stored in one of the lagoon cells as permitted under Aquifer Protection Permit No. P103081. Wastewater at the Marwood WWTP shall undergo extended aeration, clarification, nitrification, denitrification, filtration, chlorination, and dechlorination, and is expected to meet Aquifer Water Quality Standards prior to placement into the existing Precision Golf Course lake. Central Arizona Project (CAP) water will be blended with the reclaimed wastewater to meet the irrigation demand. All effluent used for irrigation will meet or exceed the Arizona standards for the Open Access reuse category.

5. On page 4, PART II, after ALLOWABLE PERMIT LIMITS AND MONITORING REQUIREMENTS, add "(TABLES I and II)"
6. On page 4, PART II.A, after the first paragraph and before the TABLE, add "TABLE I".
7. On page 4, PART II.A, second sentence, replace "effluent" pump station with "influent" pump station.

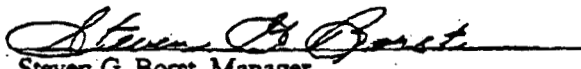
Reclaimed Wastewater Reuse Permit No. R103081 Modification

Errata

Page 2

8. On page 4, PART II.A, after "Flow monitoring shall be conducted at the influent pump station", add "Effluent quality monitoring shall be conducted prior to delivery to the reclaimed wastewater storage ponds."
9. On page 4, PART II.A, in TABLE I, under EFFLUENT CHARACTERISTICS for Flow, delete "Maximum Daily Yearly Average", and replace it with "30-day average". Change the ALLOWABLE PERMIT LIMITS to read "0.30 mgd as a monthly average, or up to ADEQ approved design capacity". Change the Measurement Frequency to read "Daily measurement" and the Sample Type to read "Monthly calculation".
10. On page 4, PART II.A, change the Measurement Frequency and the Reporting Requirement for Enteric Virus from Quarterly to Semi-Annual.
11. On page 5, PART II.A, add the following: "Reclaimed wastewater from the Marwood Package Wastewater Treatment Plant must, in addition to the monitoring requirements in TABLE I, be monitored for flow, total nitrogen as N, and total trihalomethanes (TTHMs) according to TABLE II".
12. On page 5, PART II.A, add TABLE II for the monitoring requirements of flow, total nitrogen as N, and TTHMs.

This modification shall become effective on the date of signature and shall be valid for the life of the permit provided that the facility is constructed, operated, and maintained pursuant to all the conditions of this permit as modified, according to the design and operational information documented or referenced in PARTS I, II, III, IV, and V of this permit, and such that any part of Article 7 - Regulations for the Reuse of Reclaimed Wastewater are not violated.


Steven G. Borst, Manager
Engineering Approvals and Reuse Unit
Arizona Department of Environmental Quality

Signed this 7 day of Sept, 1999

STATE OF ARIZONA

AQUIFER PROTECTION PERMIT NO. P-103081

PART I

AUTHORIZATION TO DISCHARGE POLLUTANTS IN A MANNER SUCH THAT CURRENT AND REASONABLY FORESEEABLE FUTURE USES OF THE AQUIFER ARE PROTECTED

In compliance with the provisions of Arizona Revised Statutes (A.R.S.) Title 49, Chapter 2, Articles 1, 2 and 3; Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Article 1; A.A.C. Title 18, Chapter 11, Article 4; and conditions set forth in this permit:

Facility Name: Johnson Utilities Wastewater Treatment Plant

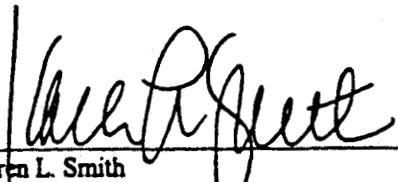
Owner & Operator:

Johnson Utilities Company
5320 East Shea Blvd.
Scottsdale, Arizona 85254

is authorized to operate the Johnson Utilities Wastewater Treatment Plant, located adjacent to Hunt Highway, approximately nine miles southeast of Queen Creek, Arizona, northern section of Pinal County, over groundwaters of the Phoenix Active Management Area (AMA), in Township 4 S, Range 8 E, NW1/4 of Section 11, Gila and Salt River meridian.

Latitude 33° 06' 06" North
Longitude 111° 30' 16" West

This permit shall become effective on the date of the Water Quality Division Director's signature and shall be valid for the life of the facility (operational, closure, and post-closure periods) provided that the facility is constructed, operated, and maintained pursuant to all the conditions of this permit according to the design and operational information documented or referenced in PARTS I, II, III, IV, V, VI, and VII of this Permit, and such that Aquifer Water Quality Standards are not violated.



Karen L. Smith
Director, Water Quality Division
Arizona Department of Environmental Quality
Signed this 4th day of September, 1998

**JOHNSON RANCH
208 AMENDMENTS CHECKLIST
SECTION 208, CLEAN WATER ACT**

AUTHORITY

1. **Requirement:** Proposed Designated Management Agency (DMA) shall self-certify that it has the authorities required by Section 208(c)(2) of the Clean Water Act to implement the plan for its proposed planning and service areas. Self-certification shall be in the form of a legal opinion by the DMA or entity attorney.

Summary: Johnson Utility Company shall have proper right and authority to provide water and wastewater utility service by virtue of the approval by the Arizona Corporation Commission of their application for Certificate of Convenience and Necessity. Certification from the Arizona Corporation Commission will be required before 208 Plan Amendment approval.

Addressed on Page: 3.

20-YEAR NEEDS

2. **Requirement::** Clearly describe the existing wastewater (WWT) treatment facilities:

- Describe the existing WWT facilities.

Summary: Johnson Utilities presently has two WWTP. (1) Marwood Treatment Plant, located in the eastern portion of Johnson Ranch and has a capacity of 20,000 gallons per day. (2) Section 11 WWTP has a present capacity of 300,000 gallons per day.

Addressed on Page: 3 and 6.

3. **Requirement::** - Show WWT certified and service areas for private utilities and sanitary district boundaries if appropriate.

Summary: Johnson Utilities Company has been formed as a utility company registered with the Arizona Corporation Commission to provide water and sewer service for the Johnson Ranch Development. The existing CC&N boundaries are as shown on Exhibit 2.

Addressed on Pages: 3 and 6.

4. **Requirement::** Clearly describe alternatives and the recommended WWTP plan:
- Provide POPTAC population estimates (or COG-approved estimates only where POPTAC not available) over 20-year period.

Summary: The total planning area for Johnson Ranch encompasses 3,490 total acres and will include approximately 10,051 dwelling units. The project will be developed in approximately four phases consisting primarily of family and adult residential property. The proposed wastewater treatment plant is to provide a wastewater treatment service to treat all domestic wastewater flows from the Johnson Ranch Site east of Hunt Highway and provide treated effluent to the existing golf courses and turf irrigation.

Addressed on Pages: 1, 6, 8, 9 and 12.

5. **Requirement::** - Provide wastewater flow estimates over the 20-year planning period.

Summary: Wastewater flow estimates are: 2.6 per/D.U. x 90 GPCD = 234 Gal/D.U.

Treatment facility estimates are:

Phase I - 20,000 gallons per day = (\pm 85 D.U.)

Phase II - 300,000 gallons per day = (\pm 1,282 D.U.)

It is anticipated that Phase II will be at full capacity within the next 3 years.

Addressed on Page: 6 and 8.

6. **Requirement::** - Illustrate the WWT planning and service areas.

Summary: This WWTP will service Units 4A, 4B, Parcel GG and future developments.

Addressed on Page: 8 and Exhibit 3.

7. **Requirement::** - Describe the type and capacity of the recommended WWTP Plant.

Summary: The type and capacity of the recommended wastewater treatment plants is as follows:

Phase I - 20,000 gpd mechanical extended aeration wastewater treatment plant with effluent reuse and excess discharge through NPDES Permit.

Phase II - 300,000 gpd mechanical wastewater treatment plant expansion with effluent reuse and excess discharge through NPDES Permit.

Addressed on Page: 12.

8. **Requirement::** - Identify water quality problems, consider alternative control measures, and recommend solution for implementation.

Summary: The effluent from the wastewater treatment plant will be required to meet effluent reuse standards for open-access golf courses and to meet Class D reclaimed water requirements, which is equivalent to secondary treatment and disinfection. In addition, effluent discharged to the waters of the U.S. through a NPDES Permit will be required if all effluent is not used on the Golf Courses. NPDES Permit requirements a NPDES permit is not anticipated for this project.

Addressed on Page: 6, 7. and 12.

9. **Requirement:** - If private WWTP utilities with certificated areas are within the proposed regional service area, define who (municipal or private utility) serves what area and when. Identify whose sewer lines can be approved in what areas and when?

Summary: The Johnson Ranch Project is located within the existing sewer and water certificated areas of Johnson Utilities, L.L.C.

Addressed on Exhibit 2:

10. **Requirement::** - Describe method of effluent disposal and reuse sites (if appropriate).

Summary: The treated effluent will be used for irrigation of the golf courses that have been constructed within the project as well as irrigation uses within other open spaces and landscaping within the development.

Addressed on Page: 7.

11. **Requirement::** - If Sanitary Districts are within a proposed planning or service area, describe who serves the Sanitary Districts and when.

Summary: There are no existing Sanitary Districts in the proximity of the Johnson Ranch Project, other than Johnson Utilities, L.L.C.

Addressed on Page: 3.

12. **Requirement::** - Describe the ownership of land proposed for plant sites and reuse areas.

Summary: The proposed site for the wastewater treatment plant is owned by Johnson Ranch Holdings, L.L.C. a Delaware Corp. The reuse area (golf course, open space, etc.) is currently owned by Johnson Ranch Holdings, L.L.C., a Delaware Corporation; George H. Johnson, the owner of Johnson Utilities Co., L.L.C., is a partner in Johnson Ranch Holdings, L.L.C.

Addressed on Page: 6 and 7.

13. **Requirement::** - Address time frames in the development of the treatment works.

Summary: Phase I of the WWTP is presently operating; Phase II of the project will be constructed in the 4th quarter of 2000 or the 1st quarter of 2001.

Addressed on Page: 6, 8, 9, and 12.

14. **Requirement::** - Address financial constraints in the development of the treatment works.

Summary: The project financing for Johnson Utilities is described within Section 6, Project Financing.

Addressed on Page: 18.

15. **Requirement::** - Describe how discharges will comply with EPA municipal and industrial stormwater discharge regulations (Section 405, CWA).

Summary: All runoff will be directed through landscaped retention basins along with sediment removal and bio-filtration.

Addressed on Page: 17 and 18.

16. **Requirement::** - Describe how open areas and recreational opportunities will result from improved water quality and how those will be used.

Summary: Effluent treated to the required standards will be used to irrigate the golf course, neighborhood parks, trails and other open activity areas, thus encouraging recreational opportunities for the area residents.

Addressed on Page: 6 and 7.

17. **Requirement::** - Describe potential use of lands associated with treatment works and increased access to water-based recreation, if applicable.

Summary: The property contained within the required setbacks will be used for acceptable non-residential uses such as Golf Course corridors which will provide beneficial activities and services to the area residents. Additional uses will include equestrian facilities, RV storage and an open activity areas.

Addressed on Page: 1.

REGULATIONS

18. **Requirement::** - Describe types of permits needed, including NPDES, APP and reuse.

Summary: Permits required for the project include an Individual Aquifer Protection Program Permit (APP), and an Effluent Reuse Permit. The A.P.P. and Re-use Permit have already been approved and issued. A National Pollution Discharge Elimination System Permit for effluent discharge and sludge disposal will not be required. Stormwater Pollution Permit will be applied for as part of the grading permit application.

Addressed on Page: 15 and 16.

19. **Requirement::** - Describe restrictions on NPDES permits, if needed, for discharge and sludge disposal.

Summary: An NPDES Permit for discharge will is not anticipated for this project.

Addressed on Page: 16.

20. **Requirement::** - Provide documentation of communication with ADEQ Permitting Section 30 to 60 days prior to public hearing regarding the need for specific permits.

Summary: Meetings have been held with representatives from the ADEQ Permitting Section, and representatives of CAAG throughout the development of this plan.

Addressed on Page: N/A.

21. **Requirement::** - Describe pre-treatment requirements and method of adherence to requirements (Section 208 (b)(2)(D), CWA).

Summary: A pre-treatment program has been proposed in conformance with the Clean Water Act for Non-Domestic Waste.

Addressed on Page: 16.

22. **Requirement::** - Identify, if appropriate, specific pollutants that will be produced from excavations and procedures that will protect ground and surface water quality (Section 208 (b)(2)(K) and Section 304, CWA).

Summary: An NPDES Stormwater Pollution Prevention Permit will be obtained by the contractor prior to all construction of facilities within the proposed construction sites.

Addressed on Page: 17.

23. **Requirement::** - Describe alternatives and recommendation in the disposition of sludge generated. (Section 405 CWA)
- Summary:** Sludge will be disposed of at a landfill which is state certified to accept wastewater sludge. Butterfield Station, located in Mobile, Arizona, will accept sludge from the wastewater treatment plant for disposal.
- Addressed on Page:** 16 and 17.
24. **Requirement::** - Define any non-point issues related to the proposed facility and outline procedures to control them.
- Summary:** The only opportunity for non-point discharges is from the golf courses. The courses have been designed to retain runoff within the fairways and corridors.
- Addressed on Page:** 18.
25. **Requirement::** - Define the process to handle all mining runoff, orphan sites and underground pollutants, if applicable.
- Summary:** Not applicable. There are no mining activities involved within this project.
- Addressed on Page:** N/A.
26. **Requirement::** - If mining related, define where collection of pollutants has occurred, and what procedures are going to be initiated to contain contaminated areas.
- Summary:** Not applicable. There are no mining activities involved within this project.
- Addressed on Page:** N/A.
27. **Requirement::** - If mining related, define what specialized procedures will be initiated for orphan sites, if applicable.
- Summary:** Not applicable. There are no mining activities involved within this project.
- Addressed on Page:** N/A.

CONSTRUCTION

28. **Requirement::** - Define construction priorities and time schedules for initiation and completion.

Summary:

Addressed on Page: 12.

29. **Requirement::** - Identify agencies who will construct, operate and maintain the facilities and otherwise carry out the plan.

Summary: Johnson Utilities will provide water and sewer service for the Johnson Ranch Project. Johnson Utilities will construct, operate and maintain the water and sewer facilities.

Addressed on Page: 3 & 12.

30. **Requirement::** - Identify construction activity-related sources of pollution and set forth procedures and methods to control, to the extent feasible, such sources.

Summary: The contractor shall comply with NPDES and OSHA Permit regulations as they apply to construction activities and materials.

Addressed on Page: 17.

FINANCING AND OTHER MEASURES NECESSARY TO CARRY OUT THE PLAN

31. **Requirement::** - If plan proposes to take over certificated private utility, describe how, when and financing will be managed.

Summary: This item is not applicable. Johnson Utilities is the utility company approved by A.C.C.

Addressed on Page: 18.

32. **Requirement::** - Describe any significant measure necessary to carry out the plan, e.g., institutional, financial, economic, etc.

Summary: The project financing for Johnson Utilities is described within Section 6, Project Financing. The CC&N has been approved by the ACC.

Addressed on Page: 15, 16 and 18.

33. **Requirement::** - Describe proposed method(s) of community financing.
- Summary:** The project financing for Johnson Utilities is described within Section 6, Project Financing.
- Addressed on Page:** 18.
34. **Requirement::** - Provide financial information to assure DMA has financial capability to operate and maintain wastewater system over its useful life.
- Summary:** Although Johnson Utilities is not a DMA, the project financing for Johnson Utilities is described within Section 6, Project Financing.
- Addressed on Page:** 18.
35. **Requirement::** - Provide a time line outlining period of time necessary for carrying out plan implementation.
- Summary:** The Builders have estimated 35 years for the ultimate Johnson Ranch Project to be built out. At full buildout, the wastewater treatment plant will have a capacity of 0.3 MGD to serve the needs of Johnson Ranch. Treatment and collection capacity will be built in phases to match the growth of Johnson Ranch. It is anticipated that this plant will be operating at 100% efficiency within the next three years.
- Addressed on Page:** 6.
36. **Requirement::** -Provide financial information indicating the method and measures necessary to achieve project financing. (Section 201 CWA or Section 604 may apply.)
- Summary:** The project financing for Johnson Utilities is described within Section 6, Project Financing.
- Addressed on Page:** 18

IMPLEMENTABILITY

37. **Requirement::** Describe impacts and implementability of Plan:
- Describe impacts on existing wastewater (WW) facilities, e.g., sanitary district, infrastructure/facilities and certificated areas.
- Summary:** There are no existing wastewater treatment facilities or sanitary districts within the area of Johnson Ranch except for Johnson Utilities Co., L.L.C. Johnson Utilities is currently serving this area of the development, and only wishes to expand its treatment capabilities.
- Addressed on Page:** 3

38. **Requirement:** - Describe how and when existing package plants will be connected to a regional system.

Summary: There are no existing regional wastewater treatment plants within the area of Johnson Ranch, and the system will therefore not be connected to one.

Addressed on Page: 3.

39. **Requirement:** - Describe the impact on communities and businesses affected by the plan.

Summary: The proposed wastewater treatment plant will have a beneficial affect on the area by providing better treatment of wastewater, eliminating a potential source of groundwater contamination, creating capacity for growth by providing the necessary infrastructure and creating recreational areas by the reuse of treated effluent as an irrigation source. The facility also makes housing available for the work force in the Florence area and creates employment opportunities in the southeast valley area.

Addressed on Page: 7.

40. **Requirement::** - If a municipal wastewater (WWT) system is proposed, describe how WWT service will be provided until the municipal system is completed; i.e., will package plants and septic systems be allowed and under what circumstances. (Interim services.)

Summary: Sewer service will be provided during the Phase I facilities by using the Phase I (Marwood) mechanical wastewater treatment plant that is currently operating. The Phase II mechanical treatment facilities will be operational before the proposed subdivisions are developed. It is anticipated the mechanical treatment plant will be operational by the 1st quarter of 2001.

Addressed on Page: 12.

PUBLIC PARTICIPATION

41. **Requirement::** - Submit copy of mailing list used to notify the public of the public hearing on the 208 amendment. (40 CFR, Chapter 1, Part 25.5)

Summary: Provided by CAAG.

Addressed on Page: N/A.

42. **Requirement:** - List location where documents are available for review at least 30 days before public hearing.
- Summary:** Provided by CAAG.
- Addressed on Page:** N/A.
-
43. **Requirement::** - Submit copy of the public notice of the public hearing as well as an official affidavit of publication from the area newspaper. Clearly show the announcement appeared in the newspaper at least 45 days before the hearing.
- Summary:** Provided by CAAG.
- Addressed on Page:** N/A.
-
44. **Requirement::** - Submit affidavit of publication for official newspaper publication.
- Summary:** Provided by CAAG.
- Addressed on Page:** N/A.
-
45. **Requirement::** - Submit responsiveness summary for public hearing.
- Summary:** Provided by CAAG.
- Addressed on Page:** N/A.

5

**JOHNSON UTILITIES
CUSTOMERS
2000-2001**

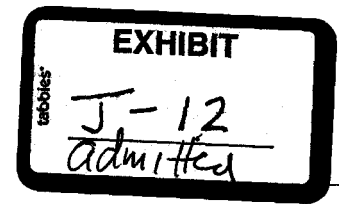
DATE	NO. OF CUSTOMERS
June 2000	412
July 2000	445
August 2000	462
September 2000	491
October 2000	545
November 2000	594
December 2000	610
January 2001	657
February 2001	645
March 2001	690
April 2001	714
May 2001	747
June 2001	747

Less 46 SVF 5 Customers and approximately 14 misc. and park meters
(so June 2001 747-61 = 686)

EXHIBIT
tabbies
J-17
Admitted



PINAL COUNTY
BOARD OF SUPERVISORS



LIONEL D. RUIZ, District I
Mammoth

SANDIE SMITH, District 2
Apache Junction

JIMMIE B. KERR, District 3
Casa Grande



STANLEY D. GRIFFIS, Ph.D.
County Manager

August 15, 2001

Central Arizona Association of Governments
Ms. Maxine Leather, Director
271 Main Street
Superior, Arizona 85273

Dear Ms. Leather,

The Pinal County Board of Supervisors has stated, as a matter of public record, they are opposed to package sewer treatment plants in areas where multiple housing developments are planned. This is particularly true in the area (known as Johnson Ranch) between Florence, Queen Creek and Apache Junction.

We are requesting that any application to CAAG, for a 208 permit for a package sewer treatment plant, be denied and the applicant be advised to install a regional plant or connect to an existing regional facility.

Sincerely,

A handwritten signature in cursive script that reads "Sandie Smith".

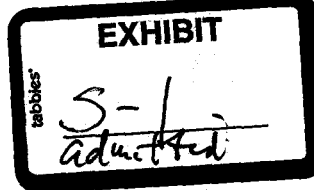
Sandie Smith
District II Supervisor

A handwritten signature in cursive script that reads "Lionel D. Ruiz".

Lionel D. Ruiz
District I Supervisor

A handwritten signature in cursive script that reads "Jimmie B. Kerr".

Jimmie B. Kerr
District III Supervisor



LEGAL

MEMORANDUM

RECEIVED

2001 JUL 10 P 4: 51

TO: Docket Control
Arizona Corporation Commission

AZ CORP COMMISSION
DOCUMENT CONTROL

RECEIVED

FROM: Deborah R. Scott
Director
for Utilities Division

JUL 11 2001

Date: July 10, 2001

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

RE: ARIZONA UTILITY SUPPLY AND SERVICES, L.L.C. APPLICATION
FOR AN EXTENSION FOR ITS CERTIFICATE OF CONVENIENCE
AND NECESSITY (CC&N) TO PROVIDE WATER AND
WASTEWATER SERVICE IN PINAL COUNTY, ARIZONA.
(DOCKET NO. SW-04002A-01-0228)

JOHNSON UTILITIES, L.L.C. DBA JOHNSON UTILITIES
COMPANY- APPLICATION FOR AN EXTENSION FOR ITS
CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N) TO
PROVIDE WATER AND WASTEWATER SERVICE IN PINAL
COUNTY, ARIZONA. (DOCKET NO. WS-02987A-01-0295)

Attached is the Staff Report for the above referenced application. Staff is recommending Approval of the Arizona Utility Supply and Services application, and Denial of the Johnson Utilities Company application following a hearing.

Originator: Jim Fisher

Attachment: Original and Eleven Copies

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF ARIZONA UTILITY SUPPLY AND SERVICES, L.L.C. -APPLICATION FOR AN EXTENSION FOR ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N) TO PROVIDE WATER AND WASTEWATER SERVICE IN PINAL COUNTY, ARIZONA.

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES, L.L.C. DBA JOHNSON UTILITIES COMPANY- APPLICATION FOR AN EXTENSION FOR ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N) TO PROVIDE WATER AND WASTEWATER SERVICE IN PINAL COUNTY, ARIZONA.

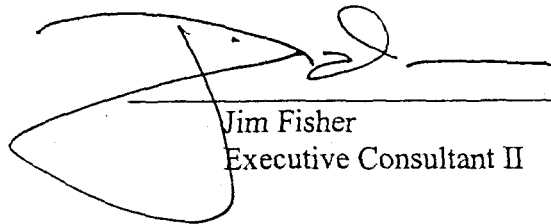
DOCKET NO. SW-04002A-01-0228
AND
DOCKET NO. WS-02987A-01-0295

JULY 2001

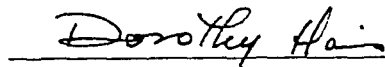
STAFF ACKNOWLEDGEMENT

The Staff members designated below contributed elements of this Staff Report.

Contributing Staff:



Jim Fisher
Executive Consultant II



Dorothy Hains
Utilities Engineer

Introduction

On March 15, 2001, Arizona Utility Supply & Services, L.L.C. an Arizona limited liability company ("AUSS") submitted an application for a Certificate of Convenience and Necessity to provide sewer service to portions of Pinal County. By letter dated April 5, 2001, Staff requested additional information from AUSS regarding plans, designs and estimated costs to serve the requested territory. AUSS provided the requested information that same day.

On April 10, 2001, Johnson Utilities, L.L.C. (Johnson) submitted an application for a Certificate of Convenience and Necessity to provide sewer service to portions of Maricopa and Pinal Counties. Portions of the request include areas sought by AUSS.

On April 20, 2001, Johnson requested leave to intervene in the AUSS CC&N Application, and/or consolidate the AUSS application with Johnson's application to extend their CC&N in Docket No. WS-02987A-01-0295. AUSS and Commission Staff did not object to Johnson's request, and the applications were consolidated.

Background: Arizona Utility Supply & Services

AUSS is a sewer utility based in Phoenix, Arizona, seeking authority to provide service to 5 Sections Southeast of Phoenix, in Queen Creek, Arizona. Maurice Lee is a primary shareholder, manager and certified operator with the company.

AUSS has received requests for sewer service from Woodside Homes Sales Corporation, Madison Diversified Corporation and The Links at Ocotillo Home Owners Association. The developers have installed the physical treatment plant and transferred it to AUSS. Plans to expand the treatment plant have been submitted to Arizona Department of Environmental Quality (ADEQ) for approval.

AUSS is requesting Section 19, 20, 21, 22, 29 and portions of 30 in Township 2 South, Range 8 East of the Gila and Salt River base and Meridian, Pinal County Arizona. On February 14, 2001 AUSS received a Pinal County Franchise for Sections 20, 29 and a portion of Section 21.

Compliance

On April 19, 2001, Staff received a memorandum from ADEQ, stating that the AUSS Links Wastewater Treatment System is in total compliance with Clean Water Act requirements.

Wastewater Treatment Plant Impact (Treatment Capacity)

1. *Links Wastewater Treatment Plant ("Links")*

The existing Links Plant is a 0.075 million gallons per day ("MGD") tertiary wastewater treatment plant with nitrogen removal and UV disinfection. Originally the Plant was constructed to serve 100 lots in the Links RV Subdivision and Links Golf Course. The Plant has recently been expanded to its existing capacity so that it could serve Phase I of the Cambria Subdivision, which includes 107 lots.

In 1995, ADEQ issued an Aquifer Protection Permit ("APP") to permit the Links Plant to discharge 0.075 MGD of effluent into the local aquifer. Due to the space limitations at the Links site, the Links Plant cannot be expanded beyond its present capacity.

2. *Cambria Wastewater Treatment Plant ("Cambria")*

AUSS is constructing a new 0.421 MGD treatment plant called Cambria. The Cambria Plant will serve an estimated population of 4,282. This includes service to 724 lots in the Cambria Subdivision not served by the Links Plant, 85 lots in the Links Subdivision, and 275 lots in the Redmond Subdivision. The Cambria Plant is located less than a mile south of the Links Plant. Although ADEQ has not issued either a Certificate of Approval to Construct or an APP for the Cambria Plant, AUSS has started construction of the plant. Staff observed the construction activity on June 13, 2001, during a site inspection. Staff also observed housing construction activity in the Cambria Subdivision during its site inspection. AUSS told Staff that the developer would contribute the land and equipment needed for this new plant.

3. *Castlegate Wastewater Treatment Plant ("Castlegate")*

AUSS proposes to build a 0.49 MGD treatment plant called Castlegate. The Castlegate Plant will serve an estimated population of 4,818 residents who are projected to move into the Castlegate Community, (which is expected to build out over the next 20 years). The Castlegate plant will be located adjacent to the Queen Creek in the southern half of Section 22 in Township 2 South, Range 8 East. Staff understands that AUSS will lease land from a local landowner. During its site inspection Staff did not see any housing construction activity in this area. ADEQ has not issued either a Certificate of Approval to Construct or an APP for the Castlegate Plant.

4. *Regional Wastewater Treatment Plant ("Regional")*

AUSS plans to build the 3.0 MGD Regional Plant within five years. The Regional Plant will replace the Links, Cambria and Castlegate plants. The Regional Plant site will be located in the Queen Creek floodplain in Section 30 in Township 2 South, Range 8 East. This land is currently zoned for agricultural use and no housing construction activity was observed in the area during the site inspection. AUSS told Staff that it was in the process of purchasing the land required for the Regional Plant. ADEQ

has not issued either a Certificate of Approval to Construct or a modified APP for the Regional Plant.

Plant Construction Costs

1. Cambria Plant

AUSS estimates the construction cost of the Cambria Plant to be approximately \$1,586,800. This equates to a treatment cost of \$3.79 per gallon per day ("gpd"). Staff believes this estimate is reasonable.

A breakdown of the Cambria plant estimate is listed in the following Table:

NARUC Acct #	Plant Description	Estimated Costs
303	Land (1.5 Acres, contribution, 2001)	
354	Structures & Improvements	35,430
355	Power Generation Equipment	50,000
361	Collection Sewers - Gravity	76,800
370	Receiving Wells	35,750
374	Reuse Distribution Reservoirs	12,500
375	Reuse Transmission & Distribution System	7,500
380	Treatment & Disposal Equipment	1,346,150
381	Plants Sewer	22,670
	Total	1,586,800

2. Castlegate Plant

AUSS estimates the construction cost of the Castlegate Plant to be approximately \$1,975,000. This equates to a treatment cost of \$4.03/gpd. Staff believes this estimate is reasonable.

A breakdown of the Castlegate plant estimate is listed in the following Table:

NARUC Acct #	Plant Description	Estimated Costs
303	Land (8 Acres, leased)	
354	Structures & Improvements	75,430
355	Power Generation Equipment	157,585
370	Receiving Wells	35,750
375	Reuse Transmission & Distribution System	7,500
380	Treatment & Disposal Equipment	1,657,061
381	Plants Sewer	41,674
	Total	1,975,000

3. Regional Plant

AUSS estimates the construction cost of the Regional Plant to be approximately \$6,274,305. This equates to a treatment cost of \$2.10/gpd. Staff believes this estimate is reasonable.

A breakdown of the Regional plant estimate is listed in the following Table:

NARUC Acct #	Plant Description	Estimated Costs
303	Land (10 Acres)	
354	Structures & Improvements	145,000
355	Power Generation Equipment	250,000
370	Receiving Wells	247,500
375	Reuse Transmission & Distribution System	85,000
380	Treatment & Disposal Equipment	5,481,805
381	Plants Sewer	65,000
	Total	6,274,305

Proposed Construction Schedule

AUSS plans to have the Cambria Plant completed and in service by the time the first house is completed. Because the developer was already building houses at the time of the site inspection, in April 2001, it appears that the Cambria Plant will be in service no later than October 2001.

AUSS estimates that the developer will start construction on the first house in the Castlegate Community around September 2001. AUSS plans to construct the Castlegate Plant in August 2001 and complete it by January 2002.

AUSS plans to start construction of Phase I of the Regional Plant by August 2002 and have it completed by June 2003.

Proposed Rates

The Application represents AUSS projects 197 residential customers in the first year, 1,592 in the third year, and 3,589 in the fifth year. Projected revenues for the same periods is \$70,920, \$573,120 in the third year and \$1,281,240 in the fifth year.

The above rates are based on a monthly rate of \$30 per residential connection.

Introduction: Johnson Utilities Company

On April 10, 2001, Johnson filed an application for an extension to its existing water and wastewater Certificate of Convenience and Necessity (Certificate) to include all of the certificated water service area of H2O, Inc. and certain portions of the certificated water service area of Queen Creek Water Company. Johnson currently has

pending other extension requests. Staff has recommended extension of a portion of one request and denial of another. (See Docket No. W-0223-00-0371 et. al and WS-02987A-00-0843)

On July 9, 2001, in response to Staff's request for copies of the property owners requests for service associated with this application, counsel for Johnson provided representations that Johnson's present application was the result, in part, to area water utilities requesting Johnson provide wastewater service to their cerificated areas.

Background and Staff Analysis:

Johnson was issued a Certificate on May 27, 1997, (Decision No. 60223) to provide water and wastewater service to a master planned community that lies within approximately five sections of land southeast of Queen Creek in Pinal County. On August 7, 1998, (Decision No. 61069), Johnson was granted an extension to its existing Certificate to include an additional six and one-half sections of land. On November 19, 1999 (Decision 62087) Johnson was granted an extension to its existing Certificate to include an additional thirty sections of land. Johnson currently has pending other extension requests. Staff has recommended extension of a portion of one request and denial of another. (See Docket No. W-0223-00-0371 et. al and WS-02987A-00-0843)

In this docket Johnson is requesting the addition to its certificate of eighteen (18) Sections of territory, approximately 11,500 acres, which are not served by any other water or wastewater utility.

According to Johnson's 1999 Annual Reports to the Commission, Exhibit 4, of the Application, Johnson serves 127 wastewater customers, within various communities in Pinal County.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Staff received a memorandum from ADEQ on April 16, 2001, in which ADEQ stated that the Johnson Ranch Wastewater Treatment Plant is in total compliance with Clean Water Act requirements. However, Johnson does not plan to use the Johnson Ranch Plant to serve the proposed area.

The Proposed Treatment Plant

In order to serve the area in Docket No. WS-02987A-99-0583, which includes Sections 29, 31 and 32 of Township 2 South, Range 8 East, Sections 1, 2 and 3 of Township 3 South, Range 7 East and Section 30 of Township 2 South, Range 8 East, Johnson plans to install a 1.5 MGD treatment plant that is a sequencing batch reactor ("SBR"), mechanical operated plant. The plant is named the Circle Cross Treatment Plant ("Circle Cross Plant").

The Circle Cross Plant contains four phases, and the plant will be located in the extension area Johnson requested (Section 31, Township 2 South, Range 8 East) in Docket No. WS-02987A-99-0583. Johnson has not submitted either its construction plans or an APP application for the Circle Cross Plant to ADEQ for review and approval. Johnson intends to utilize the Circle Cross Plant to serve the application area including Sections 7, 8, 9, 16, 17, 18, 19, 20, 21, 22 and 30 of Township 2 South, Range 8 East, and Sections 13, 24, 25, 26, 27, 34, 35 and 36 of Township 2 South, Range 7 East.

Johnson submitted its 208 plan to ADEQ and Central Arizona Association of Governments ("CAAG") in April 2001; it is still unknown if either CAAG or ADEQ will approve Johnson's plan. CAAG only governs Sections 7, 8, 9, 16, 17, 18, 19, 20, 21, 22 and 30 of Township 2 South, Range 8 East. Sections 13, 24, 25, 26, 27, 34, 35 and 36 of Township 2 South, Range 7 East are located in Maricopa Association of Governments' ("MAG") area. It is unknown if Johnson has submitted its 208 plan to MAG for review and approval or not.

Proposed Construction Schedule

Johnson estimates construction will begin sometime before 2006. During the June 13, 2001 site inspection, Staff did not observe any construction activity in the proposed area.

Construction Cost

Johnson plans to build a 0.5 MGD SBR plant for Phase I of the Circle Cross Plant. Johnson estimates the construction cost of Phase I to be approximately \$1,000,000. This equates to a treatment cost of \$2.00 per gpd. Staff believes this estimate is reasonable.

A breakdown of Phase I of the Circle Cross plant estimate is listed in the following table:

NARUC Acct #	Plant Description	Estimated Costs
303	Land (25 Acres, to-be contributed)	
360	Collection Sewers - Gravity	1,769,150
380	Treatment & Disposal Equipment	1,000,000
	Total	2,769,150

Conclusion

AUSS has demonstrated through their application a public necessity for sewer services, the ability to serve the request by the existing plant and plans to meet the future needs of their requested territory.

In Docket No. WS-02987A-99-0583 Staff recommended that Johnson Utilities be granted the wastewater CC&N to serve all of Section 29, Township 2 South, Range 8 East, including that portion north of Queen Creek. This recommendation was made prior

to receiving and analyzing the current application of AUSS. If this current AUSS application had been received simultaneously with the Johnson Utilities Application in Docket No. WS-02987A-99-0583, Staff would have recommended that the area north of Queen Creek in Section 29, Township 2 South, Range 8 East be granted to AUSS. This recommendation would be made, in part, because Queen Creek serves as a natural boundary and Staff believes that AUSS would be in a better position to serve the area north of Queen Creek.

A decision has not yet been issued for Docket No. WS-02987A-99-0583. Assuming that the Commission adopts Staff's recommendations in that case, Staff recommends that AUSS be granted an extension to serve the area requested, except for that portion in Sections 29 and 30 in Township 2 South, Range 8 East. Therefore, the area to be granted to AUSS would include Sections 19, 20, 21, 22 of Township 2 South, Range 8 East.

However, if the Commission does not adopt Staff's recommendations for Section 29, Township 2 South, Range 8 East in Docket No. WS-02987A-99-0583, Staff recommends that AUSS be granted the requested areas in Sections 29 and 30 north of Queen Creek. Staff believes that the cost estimates and construction schedules provided by AUSS are reasonable. The area north of Queen Creek that AUSS proposes to serve is under development and will need service shortly.

If the Commission adopts Staff's recommendations in Docket No. WS-02987A-99-0583, then none of Section 30 in Township 2 South and Range 8 East would be granted to AUSS. If the Commission does not adopt Staff's recommendations from the earlier Docket, then the recommendations as stated in the previous paragraph should be adopted.

As to the subject application by Johnson, due to the fact that the area being requested by Johnson has not had a request for service, there appears to be no immediate need for such service. Furthermore, Johnson has not provided a complete description of the plant facilities to be constructed to serve the proposed extension area, nor has Johnson provided the preliminary engineering specifications; nor has Johnson provided an estimated total cost of the plant facilities needed to serve the proposed extension area. Therefore, Staff recommends that Johnson's application be denied.

If the Commission does grant Johnson's request in this application, Staff recommends that the Commission's approval not include Sections 19, 20, 21 and 22 in Township 2 South, Range 8 East, and that that area be certificated to AUSS.

The above recommendations are based on the assumption that the Commission will adopt Staff's recommendations in Docket No. WS-02987A-99-0583.

Recommendations:

Staff recommends the Commission grant approval of the Arizona Utility Supply and Services application for a CC&N consistent with the recommendations contained herein.

Staff recommends the Commission require AUSS to file a County Franchise for the entire CC&N within 365 days of the effective date of the decision.

Staff further recommends that the Commission require AUSS submit a copy of the ADEQ Approval to Construct for the Cambria plant within 365 days of the effective date of the decision.

Staff further recommends that AUSS submit a copy of the ADEQ Approval to Construct for the Castlegate plant within two years of the effective date of the decision.

Staff further recommends that AUSS submit a copy of the ADEQ Approval to Construct for the Regional Plant within five years of the effective date of the decision.

Staff recommends the Commission deny Johnson Utilities Company request to extend their CC&N, consistent with the recommendation contained herein.

In the event the Commission determines it is in the public interest to grant Johnson's application, Staff recommends, such approval be conditioned on the following items being filed by Johnson Utilities within 365 days of the effective date of the decision in this case:

- (1) Approval to Construct for the Circle Cross plant.
- (2) 208 Plan approvals from both the Maricopa Association of Governments and the Central Arizona Association of Governments.
- (3) Approval of its Aquifer Protection Permit for the Circle Cross plant.
- (4) Franchise approval from Maricopa County.